

# **AGENDA**

## ***BOARD OF LAW LIBRARY TRUSTEES of the LOS ANGELES COUNTY LAW LIBRARY***

### **REGULAR BOARD MEETING**

***Wednesday, October 25, 2017***

***12:15 PM***

***MILDRED L. LILLIE BUILDING***

***TRAINING CENTER***

***301 WEST FIRST STREET***

***LOS ANGELES, CA 90012-3140***

### **ACCOMMODATIONS**

A person with a disability may contact the Board Secretary's office at (213) 785-2511 at least 24 hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

### **AGENDA DESCRIPTIONS**

The agenda descriptions are intended to give notice to members of the public of a brief general description of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Board may take any action that it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action. The President reserves the right to discuss the items listed on the agenda in any order.

### **REQUESTS AND PROCEDURES TO ADDRESS THE BOARD**

A member of the public has the right to address the Board on agenda items or on items of interest which are not on the agenda and which are within the subject matter jurisdiction of the Board. All requests to address the Board must be submitted in person to the Board President prior to the start of the meeting. Public comments will be taken at the beginning of each meeting as Agenda Item 1.0. A member of the public will be allowed to address the Board for a total of three (3) minutes for a single item or a maximum of five (5) minutes for all items unless the President grants more or less time based on the number of people requesting to speak and the business of the Board. When members of the public address the Board on agenda items, the President determines the order in which speakers will be called. Persons addressing the Board shall not make impertinent, slanderous or profane remarks to the Board, any member of the Board, staff or general public, nor utter loud, threatening, personal or abusive language, nor engage in any other disorderly conduct that disrupts or disturbs the orderly conduct of any Board Meeting. The President may order the removal of any person who disrupts or disturbs the orderly conduct of any Board Meeting.

### **AGENDA MATERIALS**

Unless otherwise exempt from disclosure, all materials relating to items on the agenda distributed to all, or a majority of the members of the Board less than 72 hours prior to the meeting shall be made available for public inspection at the time the writing is distributed in the Executive Office of the Law Library.

**CALL TO ORDER**

**1.0 PUBLIC COMMENT**

**2.0 PRESIDENT'S REPORT**

**3.0 CONSENT CALENDAR**

- 3.1 Approval of Minutes of the September 27, 2017, Regular Board Meeting
- 3.2 Review of August Financials and List of September Checks and Warrants
- 3.3 Review of FY18 Quarter 1 Statistics
- 3.4 Approval of CalPERS Health Resolution Amendment
- 3.5 Approval of One-Month Extension of Platinum Level Membership

**4.0 DISCUSSION ITEMS**

- 4.1 Review and Receipt of Draft Financial Statement Audit Report and SAS 114 Letter for the Fiscal Year Ended June 30, 2017
- 4.2 FY 17-18 Financial Budget Review Through August

**5.0 AGENDA BUILDING**

Items not on the posted agenda may be presented by a Trustee and, if requested, may be referred to staff or placed on the agenda for consideration at a future meeting of the Board.

**6.0 EXECUTIVE DIRECTOR REPORT**

**7.0 ADJOURNMENT**

The next Regular Meeting of the Board of Law Library Trustees is scheduled for Wednesday, November 15, 2017.

POSTED THURSDAY, OCTOBER 19, 2017 @ 1:00 P.M.

POSTED BY ANN MARIE GAMEZ



# AGENDA ITEM 3

## CONSENT CALENDAR

- 3.1 Approval of Minutes of the September 27, 2017, Regular Board Meeting
- 3.2 Review of August Financials and List of September Checks and Warrants
- 3.3 Review of FY18 Quarter 1 Statistics
- 3.4 Approval of CalPERS Health Resolution Amendment
- 3.5 Approval of One-Month Extension of Platinum Level Membership



**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF LAW LIBRARY TRUSTEES OF  
LOS ANGELES COUNTY**

**A California Independent Public Agency Under  
Business & Professions Code Section 6300 et sq.**

**September 27, 2017**

The Regular Meeting of the Board of Law Library Trustees of Los Angeles County was held on Wednesday, September 27, 2017 at 12:15 p.m., at the Los Angeles County Law Library Mildred L. Lillie Main Library Building at 301 West First Street, Los Angeles, California 90012 for the purposes of considering reports of the affairs to the Library, and transacting such other business as might properly come before the Board of Trustees.

**ROLL CALL/QUORUM**

**Trustees Present:** Judge Ann I. Jones  
Judge Mark Juhas  
Judge Dennis Landin  
Kenneth Klein, Esquire  
Judge Richard Rico  
Susan Steinhauser, Esquire

**Trustees Absent:** Judge Michelle Williams Court

**Senior Staff Present:** Sandra J. Levin, Executive Director  
Jaye Steinbrick, Senior Director

**Also Present:** Marcelino Juarez, Finance Manager  
Ann Marie Gamez, Executive Assistant

President Jones determined a quorum to be present, convened the meeting at 12:17 p.m. and thereafter presided. Vice-President Juhas arrived to the meeting at 12:21pm. Executive Director, Sandra J. Levin recorded the Minutes.

**1.0 PUBLIC COMMENT**

Lee Paradise made public comment in regards to library spending habits. Mr. Paradise expressed concern regarding the building maintenance and improper spending. Also mentioned was the need for roof repair and landscaping. Mr. Paradise insisted on continuing to file a LAC Tort Claim. ED Levin corrected Mr. Paradise and referred him to the library claim form, not the county claim form.

**2.0 PRESIDENT'S REPORT**

No Report

### **3.0 CONSENT CALENDAR**

- 3.1 Approval of Minutes of the June 14, 2017 Regular Board Meeting.
- 3.2 Review of June Financials and Year end FY17 Financials and List of June Checks and Warrants.
- 3.3 Review of July Financials and list of July-August Checks and Warrants
- 3.4 Approval of FY17 Quarter 4 Statistics
- 3.5 Approval of Revised Borrower Rules
- 3.6 Approval of Amendment to Rules of Conduct Regarding Service Animals
- 3.7 Approval of Policy and Practice Regarding Waiving Fines for Patrons

Trustee Steinhauser commented on Consent Calendar Item 3.4 and gave strong recognition to LALL staff for impressive numbers on the Quarterly Statistics. President Jones requested a motion to approve the Consent Calendar. So moved by Trustee Rico, seconded by Trustee Landin. The motion was unanimously approved, 6-0.

### **4.0 DISCUSSION ITEMS**

- 4.1 Approval of the Annual Report to the LA County Board of Supervisors

The Board of Trustees were glad to see the Annual Report to the Board of Supervisors of Los Angeles County include both traditional library information as well as patron outreach efforts. Trustee Steinhauser was especially pleased to see such a thorough overview within only 15 pages. ED Levin also pointed out the number of reference requests in fiscal year 2017 equaled an impressive 35,000.

President Jones requested a motion to approve Discussion Item 4.1 So moved by Trustee Steinhauser, seconded by Trustee Juhas. The motion was approved, 6-0.

- 4.2 Staff Presentation; Expanded WestLaw Content

Senior Librarian of Reference & Research, Austin Stoub, gave a brief presentation on the expanded WestLaw Content which was effective as of July 2017 and demonstrated via live internet the tools now offered for legal research. A. Stoub also gave a history of access through WestLaw "Government Libraries."

No action was taken.

- 4.3 Approval of Trustee Designated Members of the Friends of Los Angeles County Law Library Board of Directors

President Jones thanked all Friends of the Los Angeles County Law Library for their excellent persistence in providing support for LA Law Library by ensuring access to justice and for their commitment to staff. ED Levin announced the following appointees for a two year term each and introduced those present:

- Maria Hall (Term expiration 8/31/2019)
- Roberta Kass (Term expiration 8/31/2019)
- Mark Santa-Ana (Term expiration 8/31/2019)
- Marc Seltzer (Term expiration 8/31/2019)
- Andrew Struve (Term expiration 8/31/2019)

ED Levin clarified that the majority are appointed by the LACLL Board of Trustees and a minority of the Friends Board members are self-appointed by the Board of the Friends. Trustee Steinhauser added that without the Friends, the work could not be done and the library would not be able to provide services for more than 50,000 patrons a year. Trustee Klein added how impressive and how far the Friends have come since the beginning and expressed great thanks.

President Jones requested a motion to approve Discussion Item 4.3 appointing the aforementioned Friends of the Los Angeles County Law Board of Directors for the terms identified. So moved by Trustee Juhas, seconded by Trustee Landin. The motion was approved, 6-0.

#### **5.0 AGENDA BUILDING**

There were no items for agenda building.

#### **6.0 EXECUTIVE DIRECTOR REPORT**

ED Levin announced the use of Prescription Pads to be used as a referral service from courts, clinics and other providers to the library reference desk. ED Levin also announced the upcoming Pro Bono Week events including Pro Bono Palooza to be held on Oct. 10, 2017 and the Public Legal Services Fair to be held on Oct. 14, 2017. In addition to the special event, the library was to host three separate Lawyers in the Library (one at the Legal Services Fair, one on the Friday of PBW at the downtown library and one on the Friday of PBW at the Van Nuys Location). ED Levin, President Jones and Trustee Steinhauser all thanked LALL staff graciously for the ongoing above and beyond efforts of providing legal access to Angelenos.

#### **7.0 ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 12:58 p.m. The next Regular Meeting of the Board of Law Library Trustees is scheduled for Wednesday, October 25, 2017 at 12:15 pm.

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Sandra J. Levin, Executive Director and Secretary  
Los Angeles County Law Library Board of Trustees



# Los Angeles County Law Library

Balance Sheet

As of August 31, 2017

(Provisional and subject to year-end audit adjustments)

	6/30/2017	8/31/2017	Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	3,309,242	3,571,348	262,107
Accounts receivable	1,324,088	1,267,201	(56,887)
Prepaid expenses	284,031	481,729	197,698
Total current assets	<u>4,917,361</u>	<u>5,320,279</u>	402,917
Noncurrent assets			
Restricted cash and cash equivalents	318,470	318,470	-
Investments	4,577,287	4,616,189	38,903
Capital assets, not being depreciated	586,433	586,433	-
Capital assets, being depreciated - net	18,093,972	17,939,735	(154,238)
Total noncurrent assets	<u>23,576,162</u>	<u>23,460,827</u>	(115,335)
Total assets	<u>28,493,523</u>	<u>28,781,105</u>	287,582
<b>Deffered Outflows of Resources</b>			
Deffered Outflows of Resources	1,124,866	1,124,866	-
Total assets and deffered outflows of resources	<u><b>29,618,389</b></u>	<u><b>29,905,971</b></u>	287,582
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	114,171	176,844	62,672
Other current liabilities	-	-	-
Payroll liabilities	8,319	11,288	2,970
Total current liabilities	<u>122,490</u>	<u>188,132</u>	65,642
Noncurrent Liabilities			
Accrued sick and vacation liability	304,753	280,023	(24,729)
Borrowers' deposit	292,828	295,728	2,900
OPEB liability	2,457,252	2,475,586	18,334
Net pension liability	2,683,917	2,683,917	-
Total noncurrent liabilities	<u>5,738,749</u>	<u>5,735,254</u>	(3,495)
Total liabilities	<u>5,861,239</u>	<u>5,923,386</u>	62,147
<b>Deffered Inflows of Resources</b>			
Deffered Inflows of Resources	531,502	531,502	-
Total liabilities and Deffered inflows of resources	<u>6,392,741</u>	<u>6,454,888</u>	62,147
<b>Net Position</b>			
Invested in capital assets	18,680,405	18,526,168	(154,238)
Unrestricted	4,545,243	7,192,375	2,647,133
Total net position	<u>23,225,648</u>	<u>25,718,543</u>	2,492,895
Total liabilities and Deffered inflows of resources and net position	<u><b>29,618,389</b></u>	<u><b>32,173,431</b></u>	2,555,042

**Los Angeles County Law Library**  
Income Statement for the Period Ending August 31, 2017  
(Provisional and subject to year-end audit adjustments)

Aug 16 Actual	Aug 2017			
	Budget	Actual	\$ Fav (Unf)	% Fav (Unf)
572,476	598,801	562,493	(36,308)	-6.1%
1,730	2,083	3,798	1,715	82.3%
63,781	56,667	60,071	3,405	6.0%
24,131	35,292	54,778	19,486	55.2%
662,118	692,843	681,140	(11,702)	-1.7%
297,848	308,782	285,430	23,353	7.6%
54,159	49,776	43,158	6,618	13.3%
246,467	162,714	187,409	(24,695)	-15.2%
(246,467)	(162,714)	(187,409)	24,695	-15.2%
64,970	75,228	67,882	7,346	9.8%
8,301	11,889	10,231	1,658	13.9%
2,910	4,663	4,339	325	7.0%
432	173	300	(128)	-73.9%
0	350	82	268	76.6%
64	228	73	155	68.0%
14,230	11,692	16,012	(4,320)	-36.9%
245,671	230,881	231,646	(765)	-0.3%
688,585	693,663	659,151	(34,511)	-5.0%
(26,467)	(820)	21,989	22,809	-2781.4%
(17,675)	2,917	25,211	22,294	764.4%
0	0	0	0	0.0%
0	0	0	0	0.0%
(44,141)	2,097	47,200	45,104	2151.3%
6,480	0	0	0	0.0%

**Summary:**

**Income**

	FY 2016-17 YTD Actual	FY 2017-18 YTD			
		Budget	Actual	\$ Fav (Unf)	% Fav (Unf)
L.A. Superior Court Fees	1,155,519	1,174,774	1,186,896	12,122	1.0%
Interest	3,441	4,167	6,837	2,671	64.1%
Parking	124,564	113,333	115,314	1,980	1.7%
Library Services	48,424	186,126	230,937	44,810	24.1%
Total Income	1,331,948	1,478,400	1,539,984	61,584	4.2%

**Expense**

Staff (payroll + benefits)	640,406	678,764	621,468	57,296	8.4%
Electronic Resource Subscriptions	81,948	99,552	74,177	25,375	25.5%
Library Materials	309,723	325,429	306,985	18,443	5.7%
Library Materials Transferred to Assets	(309,723)	(325,429)	(306,985)	(18,443)	5.7%
Facilities	140,327	152,553	140,385	12,168	8.0%
Technology & Data	17,526	23,778	24,051	(273)	-1.1%
General	8,022	9,752	7,208	1,618	16.6%
Professional Development	6,215	5,776	4,179	1,597	27.6%
Communications & Marketing	0	3,065	1,743	1,322	43.1%
Travel & Entertainment	204	456	126	330	72.3%
Professional Services	16,960	14,504	18,889	(4,385)	-30.2%
Depreciation	498,936	460,613	461,224	(610)	-0.1%
Total Expenses	1,410,544	1,448,812	1,353,451	95,361	6.6%

**Net Income (Loss)**

	(78,596)	(90,412)	186,532	276,944	-306.3%
<b>Investment Gain (Loss)<sup>1</sup></b>	(16,023)	5,833	38,903	33,069	566.9%
Extraordinary Income	0	0	0	0	0.0%
Extraordinary Expense	0	0	0	0	0.0%
Net Income Including Extraordinary Items	(94,619)	(84,579)	225,435	310,014	-366.5%

**Capitalized Expenditures**

	6,480	0	0	0	0.0%
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Comments

**Los Angeles County Law Library**  
Income Statement for the Period Ending August 31, 2017  
(Provisional and subject to year-end audit adjustments)

Aug 16	Aug 2017			
	Budget	Actual	\$ Fav (Unf)	% Fav (Unf)

FY 2016-17	FY 2017-18 YTD			
	YTD Actual	Budget	Actual	\$ Fav (Unf)

					Detailed Budget:									
					Income:									
572,476	598,801	562,493	(36,308)	-6.1%	15	FIN	303300	L.A. Superior Court Fees	1,155,519	1,174,774	1,186,896	12,122	1.0%	
0	0	0	0	0.0%	15	FIN	311000	Interest - LAIF	0	0	0	0	0.0%	
1,485	1,833	3,438	1,604	87.5%	15	FIN	312000	Interest - General Fund	2,960	3,667	6,135	2,468	67.3%	Better than expected County investment interest rate.
245	250	361	111	44.3%	15	FIN	313000	Interest - Deposit Fund	481	500	702	202	40.5%	Better than expected County investment interest rate.
1,730	2,083	3,798	1,715	82.3%				Subtotal	3,441	4,167	6,837	2,671	64.1%	
63,781	56,667	60,071	3,405	6.0%	39	FAC	330100	Parking:	124,564	113,333	115,314	1,980	1.7%	
63,781	56,667	60,071	3,405	6.0%				Subtotal	124,564	113,333	115,314	1,980	1.7%	
276	432	163	(270)	-62.4%	27	CIRC	330150	Library Services:	3,055	2,032	1,690	(342)	-16.8%	
8,518	7,876	15,715	7,839	99.5%	25	PS	330140	Annual Borrowing Fee	17,348	16,127	24,509	8,382	52.0%	Timing variance in Member renewals.
1,054	6,512	7,335	823	12.6%	25	PS	330340	Annual Members Fee	2,121	7,424	8,478	1,054	14.2%	Timing variance. Some registrations for September MCLEs processed in August. Includes Pacific Western Bank Business Series sponsorship.
5,110	5,000	3,362	(1,638)	-32.8%	27	CIRC	330129	Course Registration	10,057	10,000	6,619	(3,381)	-33.8%	Timing variance. Discrepancy is expected to normalize as the fiscal year progresses.
2,250	2,300	1,227	(1,073)	-46.7%	27	CIRC	330205	Copy Center	3,647	4,600	2,499	(2,101)	-45.7%	Timing variance. Discrepancy is expected to normalize as the fiscal year progresses.
4,307	4,500	4,398	(102)	-2.3%	27	CIRC	330210	Document Delivery	8,000	8,600	7,105	(1,495)	-17.4%	Timing variance. Discrepancy is expected to normalize as the fiscal year progresses.
201	4,167	13,911	9,744	233.9%	15	FIN	330310	Fines	615	8,333	14,900	6,567	78.8%	
256	4,175	7,509	3,334	79.8%	39	FAC	330330	Miscellaneous	831	8,350	13,978	5,628	67.4%	Timing variance. Adjustments to GAF rental expected in September.
1,976	280	1,125	845	301.7%	23	COL	330350	Room Rental	2,210	560	1,125	565	100.8%	
0	0	0	0	0.0%	15	FIN	330360	Book Replacement	0	0	0	0	0.0%	
0	0	0	0	0.0%	17	EXEC	330400	Forfeited Deposits	0	120,000	150,000	30,000	25.0%	Generous Friends contribution at \$30K more than budget.
0	0	0	0	0.0%	25	PS	330420	Friends of Law Library	0	0	0	0	0.0%	
183	50	35	(15)	-30.5%	39	FAC	330450	Grants	287	100	35	(65)	-65.3%	Timing variance.
0	0	0	0	0.0%	37	COM	330465	Vending	252	0	0	0	0.0%	
24,131	35,292	54,778	19,486	55.2%				Special Events Income	48,424	186,126	230,937	44,810	24.1%	
662,118	692,843	681,140	(11,702)	-1.7%				Subtotal	1,331,948	1,478,400	1,539,984	61,584	4.2%	
								Total Income						
								Expenses:						
								Staff:						
177,699	186,158	171,914	14,244	7.7%	ALL	501000	Salaries (benefits eligible)	355,241	376,921	336,159	40,763	10.8%	Favorable variance due to vacancies.	
0	(3,723)	0	(3,723)	100.0%	15	FIN	501025	Staff Vacancy Offset (Ben. Eligible)	0	(7,538)	0	(7,538)	100.0%	
20,105	20,418	17,023	3,394	16.6%	ALL	501050	Salaries (benefits ineligible)	38,792	40,835	35,684	5,151	12.6%	Favorable variance due to vacancies.	
0	(408)	0	(408)	100.0%	15	FIN	501075	Staff Vacancy Offset (Ben. Ineligible)	0	(817)	0	(817)	100.0%	
11,471	11,539	11,086	454	3.9%	15	FIN	502000	Social Security	22,835	23,336	23,322	14	0.1%	
2,683	2,773	2,593	181	6.5%	15	FIN	503000	Medicare	5,341	5,609	5,454	154	2.8%	
20,078	19,717	18,451	1,266	6.4%	15	FIN	511000	Retirement	86,496	97,300	93,689	3,611	3.7%	
0	0	0	0	0.0%	15	FIN	511050	Pension Exp (Actuarial)	0	0	0	0	0.0%	
0	0	0	0	0.0%	15	FIN	511100	Pension Exp (Acctg)	0	0	0	0	0.0%	
42,413	48,345	43,675	4,670	9.7%	15	FIN	512000	Health Insurance	85,580	96,690	85,848	10,842	11.2%	Favorable variance due to vacancies.
516	382	344	38	9.9%	15	FIN	513000	Disability Insurance	926	764	712	53	6.9%	Favorable variance due to vacancies.
5,160	5,369	4,554	815	15.2%	15	FIN	514000	Dental Insurance	9,623	10,737	9,054	1,683	15.7%	Favorable variance due to vacancies.
595	573	439	134	23.4%	15	FIN	514500	Vision Insurance	1,184	1,146	907	239	20.9%	Favorable variance due to vacancies.
155	131	52	78	60.1%	15	FIN	515000	Life Insurance	257	261	171	90	34.5%	Favorable variance due to vacancies.
0	0	0	0	0.0%	15	FIN	515500	Vacancy Benefits Offset	0	0	0	0	0.0%	
6,366	4,663	4,523	141	3.0%	15	FIN	516000	Workers Compensation Insurance	12,731	9,327	9,045	282	3.0%	
0	0	0	0	0.0%	15	FIN	517000	Unemployment Insurance	0	0	0	0	0.0%	
0	330	0	330	100.0%	ALL	514010	Temporary Employment	0	660	0	660	100.0%		
0	1,500	188	1,312	87.5%	13	HR	514015	Recruitment	153	1,500	188	1,312	87.5%	Timing variance.
0	0	0	0	0.0%	15	FIN	517500	Accrued Sick Expense	0	0	0	0	0.0%	

**Los Angeles County Law Library**  
Income Statement for the Period Ending August 31, 2017  
(Provisional and subject to year-end audit adjustments)

Aug 16 Actual	Aug 2017				FY 2016-17 YTD Actual	FY 2017-18 YTD				Comments				
	Budget	Actual	\$ Fav (Unf)	% Fav (Unf)		Budget	Actual	\$ Fav (Unf)	% Fav (Unf)					
0	0	0	0	0.0%	15	FIN	518000	Accrued Vacation Expense	0	0	0	0	0.0%	
9,024	9,167	9,167	(0)	0.0%	15	FIN	518500	OPEB Expense	18,048	18,333	18,334	(1)	0.0%	
748	600	584	16	2.7%	15	FIN	518550	TMP	1,167	1,200	1,167	33	2.7%	
837	1,250	839	412	32.9%	15	FIN	518560	Payroll and Benefit Administration	2,031	2,500	1,735	765	30.6%	Timing variance.
297,848	308,782	285,430	23,353	7.6%				Total - Staff	640,406	678,764	621,468	57,296	8.4%	
								Library Materials/Electronic Resources Subscription:						
169,680	127,085	105,719	21,366	16.8%	23	COL	601999	American Continuations	215,977	254,170	211,876	42,293	16.6%	Timing variance.
742	1,250	893	357	28.6%	23	COL	602999	American New Orders	1,525	2,500	1,042	1,458	58.3%	Timing variance.
2,040	1,922	1,759	162	8.5%	23	COL	609199	Branch Continuations	6,974	3,843	4,357	(513)	-13.4%	Timing variance.
0	0	0	0	0.0%	23	COL	609299	Branch New Orders	161	0	0	0	0.0%	
57,606	10,868	56,992	(46,123)	-424.4%	23	COL	603999	Commonwealth Continuations	58,690	21,736	57,675	(35,939)	-165.3%	Timing variance.
0	0	0	0	0.0%	23	COL	604999	Commonwealth New Orders	0	0	0	0	0.0%	
4,124	10,164	6,965	3,199	31.5%	23	COL	605999	Foreign Continuations	8,821	20,328	9,909	10,419	51.3%	Timing variance.
0	0	112	(112)	0.0%	23	COL	606999	Foreign New Orders	0	0	112	(112)	0.0%	
11,857	9,960	13,017	(3,057)	-30.7%	23	COL	607999	International Continuations	17,110	19,920	20,062	(142)	-0.7%	
0	0	0	0	0.0%	23	COL	608999	International New Orders	47	0	0	0	0.0%	
346	1,466	1,953	(487)	-33.2%	23	COL	609399	General/Librarianship Continuations	346	2,932	1,953	979	33.4%	Timing variance.
72	0	0	0	0.0%	23	COL	609499	General/Librarianship New Orders	72	0	0	0	0.0%	
246,467	162,714	187,409	(24,695)	-15.2%				Subtotal	309,723	325,429	306,985	18,443	5.7%	
(246,467)	(162,714)	(187,409)	24,695	-15.2%	23	COL	690000	Library Materials Transferred to Assets	(309,723)	(325,429)	(306,985)	(18,443)	5.7%	
54,159	49,776	43,158	6,618	13.3%	23	COL	685000	Electronic Resource Subscriptions (ERS)	81,948	99,552	74,177	25,375	25.5%	Timing variance.
								Facilities:						
118	4,000	2,647	1,353	33.8%	39	FAC	801005	Repair & Maintenance	690	8,000	3,778	4,222	52.8%	Timing variance.
833	1,100	851	249	22.6%	39	FAC	801010	Building Services	1,381	2,200	1,605	595	27.0%	Timing variance.
0	1,100	0	1,100	100.0%	39	FAC	801015	Cleaning Supplies	2,032	2,200	1,914	286	13.0%	Timing variance.
11,556	10,800	11,630	(830)	-7.7%	39	FAC	801020	Electricity & Water	22,971	21,600	23,486	(1,886)	-8.7%	Unusually warmer weather month of July & August.
966	0	966	(966)	0.0%	39	FAC	801025	Elevator Maintenance	1,932	996	1,932	(936)	-94.0%	Delay in Elevator Repair & Upgrade Project.
4,928	4,300	4,403	(103)	-2.4%	39	FAC	801030	Heating & Cooling	9,231	8,700	9,330	(630)	-7.2%	Unusually warmer weather month of July & August.
21,768	19,708	19,811	(103)	-0.5%	15	FIN	801035	Insurance	43,735	39,417	39,622	(205)	-0.5%	
8,674	9,087	8,674	413	4.5%	39	FAC	801040	Janitorial Services	17,348	18,174	17,348	826	4.5%	
1,250	1,500	1,250	250	16.7%	39	FAC	801045	Landscaping	2,500	3,000	2,500	500	16.7%	Timing variance.
14,408	20,000	15,996	4,004	20.0%	39	FAC	801050	Security	30,090	40,000	31,749	8,251	20.6%	Timing variance.
0	1,900	140	1,760	92.6%	39	FAC	801060	Room Rental Expenses	668	3,800	5,297	(1,497)	-39.4%	Offset by room rental income
0	0	792	(792)	0.0%	37	COM	801065	Special Events Expenses	7,037	0	841	(841)	0.0%	Includes Global Law Event costs as well as PBW flyer costs.
0	533	0	533	100.0%	39	FAC	801100	Furniture & Appliances (<3K)	0	2,066	0	2,066	100.0%	Timing variance.
0	400	0	400	100.0%	39	FAC	801110	Equipment (<3K)	0	800	18	782	97.7%	Timing variance.
0	225	0	225	100.0%	39	FAC	801115	Building Alterations (<3K)	0	450	0	450	100.0%	Timing variance.
334	400	366	34	8.5%	39	FAC	801120	Delivery & Postage	376	800	538	262	32.8%	Timing variance.
135	175	356	(181)	-103.4%	39	FAC	801125	Kitchen supplies	337	350	427	(77)	-22.0%	Timing variance.
64,970	75,228	67,882	7,346	9.8%				Subtotal	140,327	152,553	140,385	12,168	8.0%	
								Technology:						
1,656	1,750	1,604	146	8.4%	33	TECH	801210	Software Maintenance	3,188	3,500	3,585	(85)	-2.4%	
1,236	1,400	1,789	(389)	-27.8%	33	TECH	801212	Hardware Maintenance	2,473	2,800	3,578	(778)	-27.8%	Overage due to unbudgeted maintenance item.
0	750	0	750	100.0%	33	TECH	801215	Software (<\$3K)	719	1,500	0	1,500	100.0%	Timing Variance.
0	400	0	400	100.0%	33	TECH	801220	Hardware (<\$3k)	0	800	262	538	67.2%	Timing Variance.
114	50	0	50	100.0%	33	TECH	801225	Computer Supplies	114	100	0	100	100.0%	Timing Variance.
3,951	4,039	4,224	(185)	-4.6%	33	TECH	801230	Integrated Library System	7,903	8,078	8,449	(371)	-4.6%	
1,227	3,500	2,614	886	25.3%	33	TECH	801235	Telecommunications	2,515	7,000	8,021	(1,021)	-14.6%	3 month delay in Spectrum billing, May - July.
65	0	0	0	0.0%	33	TECH	801245	Tech & Data - Misc	65	0	0	0	0.0%	
50	0	0	0	0.0%	33	TECH	801250	Services	549	0	156	(156)	0.0%	
8,301	11,889	10,231	1,658	13.9%				Subtotal	17,526	23,778	24,051	(273)	-1.1%	
								General:						
488	667	550	117	17.5%	15	FIN	801310	Bank Charges	980	1,333	1,068	266	19.9%	Timing variance.
785	810	813	(3)	-0.3%	35	CMS	801315	Bibliographical Services	1,570	1,620	1,625	(5)	-0.3%	
0	0	0	0	0.0%	35	CMS	801320	Binding	0	0	0	0	0.0%	
52	83	0	83	100.0%	17	EXEC	801325	Board Expense	138	167	0	167	100.0%	August Board meeting cancelled.
26	320	286	34	10.5%	37	COM	801330	Staff meals & events	52	340	286	54	15.8%	

**Los Angeles County Law Library**  
Income Statement for the Period Ending August 31, 2017  
(Provisional and subject to year-end audit adjustments)

Aug 16 Actual	Aug 2017				FY 2016-17 YTD Actual	FY 2017-18 YTD				Comments		
	Budget	Actual	\$ Fav (Unf)	% Fav (Unf)		Budget	Actual	\$ Fav (Unf)	% Fav (Unf)			
563	1,083	2,269	(1,185)	-109.4%	15 FIN 801335	Supplies - Office	2,284	2,167	2,479	(313)	-14.4%	Timing variance.
0	0	0	0	0.0%	35 CMS 801337	Supplies - Library materials	927	0	0	0	0.0%	
33	200	0	200	100.0%	37 COM 801340	Stationery, business cards, etc.	349	200	27	173	86.4%	
0	0	0	0	0.0%	25 PS 801365	Grant Application Expenses	0	0	0	0	0.0%	
896	1,500	389	1,111	74.0%	27 CIRC 801370	Copy Center Expense	1,654	3,000	1,691	1,309	43.6%	Reduced usage as reflected by copy center income.
0	0	32	(32)	0.0%	15 FIN 801375	General - Misc	0	0	32	(32)	0.0%	
67	0	0	0	0.0%	25 PS 801390	Course Registration	67	0	0	0	0.0%	
0	0	0	0	0.0%	17 EXEC 801395	Friends of Law Library	0	0	0	0	0.0%	
2,910	4,663	4,339	325	7.0%		Subtotal	8,022	9,752	7,208	1,618	16.6%	
						Professional Development:						
332	0	0	0	0.0%	ALL 803105	Travel	2,980	3,543	1,987	1,556	43.9%	Timing variance.
0	60	0	60	100.0%	ALL 803110	Meals	0	60	0	60	100.0%	
0	0	0	0	0.0%	ALL 803113	Incidental and miscellaneous	0	0	0	0	0.0%	
0	0	0	0	0.0%	ALL 803115	Membership dues	0	0	0	0	0.0%	
100	113	300	(188)	-166.7%	ALL 803120	Registration fees	3,235	2,173	2,192	(19)	-0.9%	
0	0	0	0	0.0%	ALL 803125	Educational materials	0	0	0	0	0.0%	
432	173	300	(128)	-73.9%		Subtotal	6,215	5,776	4,179	1,597	27.6%	
						Communications & Marketing:						
0	0	0	0	0.0%	37 COM 803205	Services	0	0	0	0	0.0%	
0	350	82	268	76.6%	37 COM 803210	Collateral materials	0	2,100	1,743	357	17.0%	
0	0	0	0	0.0%	37 COM 803215	Advertising	0	965	0	965	100.0%	Timing variance, promotional material/ads forthcoming.
0	0	0	0	0.0%	37 COM 803220	Trade shows & Outreach	0	0	0	0	0.0%	
0	350	82	268	76.6%		Subtotal	0	3,065	1,743	1,322	43.1%	
						Travel & Entertainment						
0	0	0	0	0.0%	ALL 803305	Travel	0	0	0	0	0.0%	
0	0	0	0	0.0%	ALL 803310	Meals	0	0	0	0	0.0%	
0	0	0	0	0.0%	ALL 803315	Entertainment	0	0	0	0	0.0%	
64	228	73	155	68.0%	ALL 803320	Ground transportation & mileage reimb.	204	456	126	330	72.3%	
0	0	0	0	0.0%	ALL 803325	Incidental travel expenses	0	0	0	0	0.0%	
64	228	73	155	68.0%		Subtotal	204	456	126	330	72.3%	
						Professional Services						
11,500	6,000	13,200	(7,200)	-120.0%	15 FIN 804005	Accounting	11,500	6,000	13,200	(7,200)	-120.0%	Timing variance.
2,730	2,812	2,812	0	0.0%	17 EXEC 804008	Consulting Services	5,460	5,624	5,689	(65)	-1.2%	
0	0	0	0	0.0%	17 EXEC 804010	Legal	0	0	0	0	0.0%	
0	2,880	0	2,880	100.0%	15 FIN 804015	Other	0	2,880	0	2,880	100.0%	Timing variance, delay in LAEP invoice.
14,230	11,692	16,012	(4,320)	-36.9%		Subtotal	16,960	14,504	18,889	(4,385)	-30.2%	
						Depreciation:						
220,283	205,749	206,865	(1,116)	-0.5%	15 FIN 806105	Depreciation - Library Materials	447,808	410,257	411,570	(1,313)	-0.3%	
25,389	25,133	24,781	351	1.4%	15 FIN 806110	Depreciation Exp - FF&E	51,128	50,356	49,654	702	1.4%	
245,671	230,881	231,646	(765)	-0.3%		Subtotal	498,936	460,613	461,224	(610)	-0.1%	
688,585	693,663	659,151	(34,511)	-5.0%		Total Expense	1,410,544	1,448,812	1,353,451	95,361	6.6%	
(26,467)	(820)	21,989	22,809	-2781.4%		Net Income Before Extraordinary Items	(78,596)	(90,412)	186,532	276,944	-306.3%	
(17,675)	2,917	25,211	22,294	764.4%	15 FIN 321000	Investment Gain (Loss) <sup>2</sup>	(16,023)	5,833	38,903	33,069	566.9%	Reflects loss/gain if sold at time of report (before maturity).
0	0	0	0	0.0%	17 EXEC 401000	Extraordinary Income	0	0	0	0	0.0%	
0	0	0	0	0.0%	17 EXEC 901000	Extraordinary Expense	0	0	0	0	0.0%	
(44,141)	2,097	47,200	45,104	2151.3%		Net Income Including Extraordinary Items	(94,619)	(84,579)	225,435	310,014	-366.5%	

**Los Angeles County Law Library**  
Income Statement for the Period Ending August 31, 2017  
(Provisional and subject to year-end audit adjustments)

Aug 16 Actual	Aug 2017			
	Budget	Actual	\$ Fav (Unf)	% Fav (Unf)
0	0	0	0	0.0%
6,480	0	0	0	0.0%
0	0	0	0	0.0%
0	0	0	0	0.0%
0	0	0	0	0.0%
6,480	0	0	0	0.0%

Capital Expenditures:		
39 FAC	161100	Furniture / Appliances (>3k)
33 TECH	161300	Electronics / Computer Hardware (>3k)
39 FAC	164500	Exterior Building Repairs/ Improvements (>3k)
39 FAC	164000	Interior Improvements / Alterations (>3k)
33 TECH	168000	Computer Software
		Total - Capitalized Expenditures

FY 2016-17 YTD Actual	FY 2017-18 YTD			
	Budget	Actual	\$ Fav (Unf)	% Fav (Unf)
0	0	0	0	0.0%
6,480	0	0	0	0.0%
0	0	0	0	0.0%
0	0	0	0	0.0%
0	0	0	0	0.0%
6,480	0	0	0	0.0%

Comments

CalPERS CERBT Trust Fund<sup>1</sup>:

Beginning Balance	2,168,713	
Administrative Expense	(90)	CalPERS CERBT program cost.
Investment Expense	(66)	Investment management cost.
Unrealized Gain/Loss	18,758	Fluctuating market conditions.
Distribution	0	Distribution from Fund
Ending Balance	2,187,314	

<sup>1</sup>UBS interest/dividend income and gains/losses is consolidated into Investment Gain (Loss) effective FY 2016. It was also moved to "non-operating income" section of the budget as recommended by outside auditors.

**Los Angeles County Law Library**  
Statement of Cash Flows  
As of August 31, 2017  
(Provisional and subject to year-end audit adjustments)

	8/31/2017	YTD
<b>Cash flows from operating activities</b>		
L.A. Superior court fees	562,493	1,186,896
Parking fees	60,071	115,314
Library services	54,778	80,937
(Increase) decrease in accounts receivable	83,300	56,887
Increase (decrease) in borrowers' deposit	1,431	2,900
<b>Cash received from filing fees and services</b>	<b>762,072</b>	<b>1,442,933</b>
Facilities	(67,882)	(140,385)
Technology	(10,231)	(24,051)
General	(4,339)	(7,208)
Professional development	(300)	(4,179)
Communications & marketing	(82)	(1,743)
Travel & entertainment	(73)	(126)
Professional services	(16,012)	(18,889)
Electronic Resource Subscriptions (ERS)	(43,158)	(74,177)
(Increase) decrease in prepaid expenses	9,166	(197,698)
Increase (decrease) in accounts payable	(40,843)	62,672
Increase (decrease) in other liabilities	-	-
<b>Cash payments to suppliers for goods and services</b>	<b>(173,752)</b>	<b>(405,785)</b>
Staff (payroll + benefits)	(285,430)	(621,468)
Increase (decrease) in payroll liabilities	1,424	2,970
Increase (decrease) in accrued sick and vacation liability	-	(24,729)
Increase (decrease) in OPEB liability	9,167	18,334
Net impact of GASB 68 adjustments	-	-
Net effect of prior period adjustments	-	-
<b>Cash payments to employees for services</b>	<b>(274,838)</b>	<b>(624,894)</b>
Contributions received	-	150,000
Net cash from operating activities	313,482	562,255
<b>Cash flow from capital and related financing activities</b>		
Library materials	(187,409)	(306,985)
Fixed assets	-	-
Capital - Work in Progress (WIP)	-	-
<b>Cash flows from investing activities</b>		
Investment	-	-
Investment earnings	3,798	6,837
<b>Net cash increase (decrease) in cash and cash equivalents</b>	<b>129,871</b>	<b>262,107</b>
Cash and cash equivalents, at beginning of period	3,760,397	3,628,162
Cash and cash equivalents, at end of period	3,890,268	3,890,268
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>		
Operating income	18,191	179,695
Adjustments for noncash effects:		-
Depreciation	231,646	461,224
Extraordinary expense: book write-off	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	83,300	56,887
(Increase) decrease in prepaid expenses	9,166	(197,698)
Increase (decrease) in accounts payable	(40,843)	62,672
Increase (decrease) in other liabilities	-	-
Increase (decrease) in payroll liabilities	1,424	2,970
Increase (decrease) in accrued sick and vacation liability	-	(24,729)
Increase (decrease) in borrowers' deposit	1,431	2,900
Increase (decrease) in OPEB liability	9,167	18,334
Net impact of GASB 68 adjustments	-	-
Net cash from operating activities	313,482	562,255

**LOS ANGELES COUNTY LAW LIBRARY**  
**September 1, 2017 - September 30, 2017 (CHECKS)**  
**Account No.: 108000**

DATE	PAYEE	FOR	AMOUNT	CHECK NO.
September 6	BATTHYANY KULTUR PRESS ** VOIDED *****	BOOKS	0.00	030000
	LEXISNEXIS CANADA BUTTERWORTHS CANA	BOOKS	586.85	030001
	MANHATTAN PUBLISHING COMPANY	BOOKS	350.00	030002
September 8	CALIBER ELEVATOR	ELEVATOR MAINT	966.00	030003
	CHRISTINE R LANGTEAU	MILEAGE	67.20	030004
	GAF MATERIALS LLC	REFUND	2,415.00	030005
September 11	FASTCASE INC ** VOIDED *****	BOOKS	0.00	030006
	PAN PACIFICA	BOOKS	1,145.00	030007
September 12	COUNTY OF LOS ANGELES	BANK CHARGES	77.99	030008
	MANAGE EASE INCORPORATED	CONSULTING	1,405.95	030009
	PETTY CASH FUND	PETTY CASH	320.00	030010
September 13	ANNA FRAZIER	INCIDENTAL/MISC	75.00	030011
September 14	IMAGE ACCESS INC	HARDWARE MAINT	4,258.00	030012
September 18	MARY MARTIN BOOKSELLERS	BOOKS	1,570.00	030013
September 19	COUNTY OF LOS ANGELES	BANK CHARGES	71.68	030014
	GUARDIAN	PREPAID EXP	7,521.80	030015
	PAULA HART	MILEAGE	11.07	030016
	CALPERS	ACCOUNTING	700.00	030017
September 25	RETTA LIBROS LIDERLAF S A	BOOKS	59.62	030018
	PAN PACIFICA	BOOKS	672.50	030019
	SASKATCHEWAN QUEENS PRINTER	BOOKS	213.75	030020
September 27	AT&T	TELECOM	461.90	030021
	COUNTY OF LOS ANGELES	HEATING/COOLING	4,403.05	030022
	MANAGE EASE INCORPORATED	CONSULTING	1,405.95	030023
	METROLINK	TMP	1,099.00	030024
	ROMERO MAINTENANCE LLC	JANITORIAL SVCS	8,674.17	030025
	SOURCE ONE OFFICE PRODUCTS, INC	SUPPLIES - OFFICE	43.59	030026
	TOTAL COMPENSATION SYSTEM INC	ACCOUNTING	1,710.00	030027
	VASQUEZ & COMPANY LLP	ACCOUNTING	5,101.00	030028
September 29	COUNCIL OF CALIFORNIA COUNTY	REGISTRATION FEE	100.00	030029
	SANDRA J LEVIN	TRAVEL	196.10	030030

45,682.17

**LOS ANGELES COUNTY LAW LIBRARY**  
**September 1, 2017 - September 30, 2017 (CHECKS)**  
**Account No.: 102001**

DATE	PAYEE	FOR	AMOUNT	CHECK NO.
September 6	WOLTERS KLUWER LAW & BUSINESS	BOOKS	317.84	V002552
	LEXISNEXIS MATTHEW BENDER	BOOKS	152.18	V002553
	CONTINUING EDUCATION OF THE BAR CAL	BOOKS	1,313.41	V002554
	JURIS PUBLISHING INC	BOOKS	231.32	V002555
	JURISNET LLC	BOOKS	398.97	V002556
	LAW JOURNAL PRESS	BOOKS	252.66	V002557
	LAWPRESS CORPORATION	BOOKS	313.10	V002558
	PRACTISING LAW INSTITUTE	BOOKS	170.56	V002559
	ROWMAN & LITTLEFIELD PUBLISHING	BOOKS	576.23	V002560
	THOMSON REUTERS	BOOKS	61,412.69	V002561
September 8	ALTA FOODCRAFT	KITCHEN SUPPLIES	181.46	V002562
	DEMCO	SUPPLIES LIBRARY	3,347.97	V002563
	OCLC INC	BIBLIOGRAPHICAL S	725.50	V002564
	OFFICE DEPOT	SUPPLIES-OFFICE	182.88	V002565
	PEOPLEG2	RECRUITMENT	187.98	V002566
	SUPPLYWORKS	CLEANING SUPPLIES	1,914.08	V002567
	TEAM SOFTWARE	SOFTWARE MAINTENANCE	125.00	V002568
	FRANK R. THOROLD (PTY) LTD	BOOKS	727.61	V002569
September 11	AMERICAN BANKRUPTCY INSTITUTE	BOOKS	95.00	V002570
	BUSINESS MANAGEMENT DAILY ALEXANDER	BOOKS	34.75	V002571
	PROQUEST LLC COUTTS INFORMATION SER	BOOKS	123.31	V002572
	IMMIGRANT LEGAL RESOURCE CENTER	BOOKS	875.45	V002573
	LEXISNEXIS ONLINE SERVICES	BOOKS	14,853.00	V002574
	PRACTISING LAW INSTITUTE	BOOKS	417.86	V002575
	ROWMAN & LITTLEFIELD PUBLISHING	BOOKS	65.70	V002576
	SOLANO PRESS BOOKS	BOOKS	251.95	V002577
	THOMSON REUTERS	BOOKS	128.04	V002578
September 14	FEDEX	DELIVERY/POSTAGE	15.37	V002579
	OFFICE DEPOT	SUPPLIES-OFFICE	800.97	V002580
	PAN AMERICAN PEST CONTROL CO	BLDG SVCS	276.00	V002581
	STAMPS.COM	DELIVERY & POSTAGE	24.99	V002582
September 18	WOLTERS KLUWER LAW & BUSINESS	BOOKS	431.00	V002583
	CONTINUING EDUCATION OF THE BAR CAL	BOOKS	543.57	V002584
	GALLAGHER LAW LIBRARY	BOOKS	175.00	V002585
	INGRAM LIBRARY SERVICES	BOOKS	761.67	V002586
	METROPOLITAN NEWS COMPANY	BOOKS	65.55	V002587
	THOMSON REUTERS TAX & ACCOUNTING	BOOKS	2,185.40	V002588
	UNITED NATIONS PUBLICATIONS	BOOKS	128.10	V002589
	VERSA TAPE	BOOKS	397.38	V002590
	STAMPS.COM	DELIVERY & POSTAGE	300.00	V002591

96,731.50

**LOS ANGELES COUNTY LAW LIBRARY**  
**September 1, 2017 - September 30, 2017 (CHECKS)**  
**Account No.: 102001**

DATE	PAYEE	FOR	AMOUNT	CHECK NO.
September 19	BRIGHTVIEW	LANDSCAPING	1,250.00	V002592
	INFINISOURCE INC	PAYROLL/HR BENEFI	75.00	V002593
	LA CAFE	ROOM RENTAL EXPE	475.50	V002620
September 21	STATE COMPENSATION INSURANCE FUND	WORKERS COMP	4,522.50	V002608
September 25	WOLTERS KLUWER LAW & BUSINESS	BOOKS	892.91	V002594
	CAL OSHA REPORTER	BOOKS	395.00	V002595
	CONTINUING EDUCATION OF THE BAR CAL	BOOKS	2,388.98	V002596
	PROQUEST LLC COUTTS INFORMATION SER	BOOKS	590.67	V002597
	WILLIAM S HEIN & CO	BOOKS	544.84	V002598
	LAW JOURNAL PRESS	BOOKS	785.01	V002599
	MASSACHUSETTS CONTINUING LEGAL EDUC	BOOKS	253.50	V002600
	MUNICIPAL CODE CORPORATION	BOOKS	1,996.00	V002601
	PUBLIC UTILITIES REPORTS INC	BOOKS	847.50	V002602
	ROWMAN & LITTLEFIELD PUBLISHING	BOOKS	20.58	V002603
	THOMSON REUTERS TAX & ACCOUNTING	BOOKS	420.62	V002604
	WEST ACADEMIC	BOOKS	178.08	V002605
	THOMSON REUTERS	BOOKS	439.20	V002606
	GOBI LIBRARY SOLUTIONS	BOOKS	137.04	V002607
	September 26	LA CAFE	MISCELLANEOUS	76.13
September 26	WEBSTAUANTSTORE.COM	SPECIAL EVENTS	84.78	V002633
September 27	AT&T MOBILITY	TELECOM	16.24	V002609
	BANDWIDTH.COM, INC.	TELECOM	281.92	V002610
	EX LIBRIS (USA) INC.	ILS	12,387.92	V002611
	GLOBAL CAPACITY	TELECOM	378.50	V002612
	GLOBAL CAPACITY	TELECOM	71.47	V002613
	KONICA MINOLTA BUSINESS	COPY CENTER EXPE	179.56	V002614
	NASA SERVICES	BUILDING SERVICES	437.98	V002615
	SECURITAS SECURITY	SECURITY	17,191.09	V002616
	FRANK R. THOROLD (PTY) LTD	BOOKS	271.86	V002617
	SPECTRUM	TELECOM	2,798.00	V002618
September 29	LA CAFE	FRIENDS OF LALL	216.15	V002622
September 29	COSTCO WHOLESALE MEMBERSHIP	SPECIAL EVENTS	270.76	V002619

146,356.79

LOS ANGELES COUNTY LAW LIBRARY  
September 1, 2017 - September 30, 2017 (CHECKS)  
Account No.: 102003

DATE	PAYEE	FOR	AMOUNT	CHECK NO.
September 27	L A DEPT WATER & POWER	WATER/SEWER	11,630.32	V000171

11,630.32

**LOS ANGELES COUNTY LAW LIBRARY**  
**September 1, 2017 - September 30, 2017 (CHECKS)**  
**Account No.: 103000**

DATE	PAYEE	FOR	AMOUNT	CHECK NO.
September 12	SEIU LOCAL 721	UNION DUES	972.40	001596
September 29	SEIU LOCAL 721	UNION DUES	1,462.44	001599
	SEIU LOCAL 721	UNION DENTAL	40.44	001600
			<b>2,475.28</b>	

**LOS ANGELES COUNTY LAW LIBRARY**  
**September 1, 2017 - September 30, 2017 (WARRANTS)**  
**Account No.: 102000**

DATE	PAYEE	FOR	AMOUNT	CHECK NO.
September 2	TRIDENT INSURANCE COMPANY	MISC	11,679.60	TS00254528
September 25	FASTCASE INC	BOOKS	11,515.00	TS00255345
	CALPERS	PREPAID EXP	50,977.02	TS00255345
			74,171.62	



LA Law Library  
Fiscal Year Quarterly Statistics

			FY17 2nd Quarter	FY17 3rd Quarter	FY17 4th Quarter	FY18 1st Quarter	FY18 1st Quarter Notes
<b>Reference and Research</b>							
	<i>Reference and Research responds to user requests for Library materials in-person, mail and electronic inquiries.</i>						
	Desk Inquiries		5,950	5,997	6,206	6,240	
	Tuesday 6pm to 8pm - All Queries		71	77	81	113	
	Phone		1,573	1,799	1,888	1,982	
	Email/ Live Chat		132	174	247	206	
	By Mail		45	62	53	46	
	Global Law Inquires		22	36	66	68	
	Global Law Web Inquires		0	20	23	23	
	e-Branch Chat		35	37	34	59	
	e-Branch Email		0	0	0	0	
		<b>Total</b>	<b>7,839</b>	<b>8,233</b>	<b>8,598</b>	<b>8,737</b>	
<b>Circulation Services</b>							
	<i>The Circulation Desk responds to requests for computer sign-up, books on reserve, placing books on hold, questions about overdue fines and lost items, paging materials needed from closed stacks as well as checking books in and out.</i>						
	Desk Inquiries		2,398	4,530	3,376	3,647	
	Phone Inquiries		1,374	2,119	1,936	1,921	
		<b>Total</b>	<b>3,772</b>	<b>6,649</b>	<b>5,312</b>	<b>5,568</b>	
	Books Circulated		2,348	2,456	2,200	2,686	
	Library Card Sign-ups		560	452	492	474	
	Members Program - Active Members		335	337	323	311	
	Public Terminal Logins		9,142	9,185	9,390	8,875	
<b>Document Delivery / E-Delivery/Copies</b>							
	<i>Document Delivery responds to requests for materials from the LA Law Library collection. Copy Center responds to requests for photocopies, printouts from our computers as well as from the microfiche reader-printer.</i>						
	Phone Inquiries		269	276	263	216	
	In-Person		2,683	2,444	2,448	2,563	

LA Law Library  
Fiscal Year Quarterly Statistics

			FY17 2nd Quarter	FY17 3rd Quarter	FY17 4th Quarter	FY18 1st Quarter	FY18 1st Quarter Notes
	Email		255	290	234	275	
	By Mail (As of 2013, included with R+R above)						
	<b>Total</b>		<b>3,207</b>	<b>3,010</b>	<b>913</b>	<b>1,022</b>	
	Pages Delivered		6,125	5,859	1,880	9,437	
	Copies Made (Main Library)		85,018	116,001	63,448	54,043	
<b>Collection Management Services</b>							
	<i>Collection Management handles all new acquisitions, continuation and updates, as well as any volumes that are withdrawn from the collection.</i>						
	New Titles Added		112	95	66	89	
	New Serials		34	13	13	7	
	Print Volumes Added		1,210	821	1,068	1,276	
	Non-Print Media Added		197	1,988	367	10,596	Annual shipments of microfiche copy of California court briefs received in Sept. contributed to a large number of microfiche count.
	Books Cataloged/Reclassified		681	251	218	102	
	Print & Non-Print Withdrawn		1,215	360	543	254	
<b>Brief Scanning Project</b>							
	Briefs Scanned		2377	0	0	N/A	
	Pages Scanned		135,384	0	0	N/A	
	Briefs Logged (Google)		332	3,658	11,366	16,945	
<b>Website Statistics</b>							
	Visitors		22,355	21,969	23,308	22,553	
	Visits		89,623	90,613	94,397	89,050	
	Average Daily Visits		974	1,018	1,026	968	
	Average Duration		3:12	2:45	2:54	3:01	
	Visitors: US		97.26%	98.70%	98.97%	98.62%	
	Visitors: International / Unspecified		2.74%	1.30%	1.03%	1.38%	
<b>Training and Events at Main Branch</b>							
	Public Classes Held						
	Internal speaker		29	35	45	22	

LA Law Library  
Fiscal Year Quarterly Statistics

			<b>FY17</b> 2nd Quarter	<b>FY17</b> 3rd Quarter	<b>FY17</b> 4th Quarter	<b>FY18</b> 1st Quarter	<b>FY18</b> 1st Quarter Notes
	Guest speaker		31	44	89	61	
	MCLE Classes Held						
	Internal speaker		2	2	0	1	
	Guest speaker		7	9	8	5	
	Clinics/ Workshops Held		44	40	46	57	
		<b>Total</b>	<b>113</b>	<b>130</b>	<b>198</b>	<b>146</b>	
	Class Attendance Total (Estimated)		<b>2,093</b>	<b>1,523</b>	<b>2,635</b>	<b>1,753</b>	

County of Los Angeles: CCCLL Statistics for the Week of September 25, 2017

The Legislative Advocacy Committee and Executive Board of the Council of California County Law Libraries have teamed up to gather statistics from County Law Libraries across the state. The goal is to present law library usage in order to help with CCCLL's advocacy efforts due to legislators and key staff members continuously asking how many people we serve, how many classes we offer, etc.

Date	Hours Open	# of Visitors in Person	# of Reference Questions/Sessions	# of Attendees at Classes/Workshops	# of Visitors Using Public Computers	# of Website Visitors	Examples of topics, types of questions asked or scenarios presented
25-Sep	8:30am-6:00pm	473	157	48	141	618	Appeal in criminal case; family law; eviction defense; how to re-open a case; briefs requests.
26-Sep	8:30am-8:00pm	406	112	48	139	563	Information on warranty of habitability; small claims; civil appeals questions; dealing with copyright/fair use; legislative histories; briefs request; debt collection laws and consumer protections; bankruptcy statistics.
27-Sep	8:30am-6:00pm	353	160	20	146	567	Child custody issues; employment law; trademark protection; briefs requests; quiet title/real property issues; landlord/tenant questions.
28-Sep	8:30am-6:00pm	327	109	21	120	476	International arbitration; English translation Puerto Rico cases; calculating statutes of limitations; federal criminal appeals; briefs requests.
29-Sep	8:30am-6:00pm	291	115	0	128	466	Evictions/landlord & tenant; wage and hour claims; licensing and complaints against a license; litigation against real estate brokers; briefs requests.
30-Sep	8:30am-6:00pm	161	44	0	134	303	Termination of guardianship; small claims; civil appeals; landlord tenant; value of marital assets in dissolution.
<b>TOTAL</b>		<b>2011</b>	<b>697</b>	<b>137</b>	<b>808</b>	<b>2993</b>	

**MEMORANDUM**

**DATE:** October 25, 2017

**TO:** Board of Law Library Trustees

**FROM:** Sandra Levin, Executive Director  
Marcelino Juarez, Finance Manager

**RE:** Approval of CalPERS Health Resolution

**SUMMARY**

Each time the share of health care costs to be charged to LA Law Library employees changes, CalPERS requires that the Board adopt a resolution memorializing the new rates and authorizing CalPERS to charge at those rates. Accordingly, Staff recommends that the Board adopt the attached resolution authorizing CalPERS to charge eligible employees and retirees the appropriate share of health insurance premiums effective January 1, 2018.

**BACKGROUND**

The Memorandum of Understanding (MOU) between the Law Library and SEIU obligates the Law Library to pay a share of the cost of health insurance for eligible represented employees and their dependents and for eligible retired employees who were represented prior to retirement and their dependents. The MOU limits the Law Library's contribution to a maximum amount indexed to the rates that were in effect on 1/1/11 for CalPERS' highest cost LA Region HMO, adjusted for annual increases. In 2013, the Board extended this cap on premiums to unrepresented employees and retired employees, and their dependents.

No subsequent changes have been made to the formula for calculating the cap on premiums. However, due to changes in the cost of health care, the caps nonetheless need to be adjusted each year.

**RESOLUTION**

The attached resolution is in the form requested by CalPERS and implements the formula by informing CalPERS about the maximum amount the Law Library will pay for health insurance on behalf of eligible employees and retirees and their dependents.

**RECOMMENDATION**

Staff recommends that the Board adopt the attached resolution for health insurance premiums that will take effect on January 1, 2018.



**To:** California Public Employees' Retirement System  
Health Contracts Unit, Employer Account Management Division  
PO BOX 942714  
Sacramento, CA 94229-2714

**From:**

<b>CalPERS ID #</b>	<b>5612780823</b>
<b>Agency Name</b>	<b>Los Angeles County Law Library</b>

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# HEALTH RESOLUTION

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**Please staple on top of your health resolution(s) or cover letter. This will ensure that the CalPERS mailroom expedites delivery to our office.**

LOS ANGELES COUNTY LAW LIBRARY  
RESOLUTION NO. 2017-1

FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS  
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT

WHEREAS, (1) Los Angeles County Law Library is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act;

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of:

Medical Group	Monthly Employer Contribution		
	Single	Two-Party	Family
701 Unrepresented Employees	\$555.11	\$861.76	\$1,045.74
702 Represented Employees	\$555.11	\$861.76	\$1,045.74

Plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Los Angeles County Law Library has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Los Angeles County Law Library shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Los Angeles County Law Library would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the Executive Director to file with the Board a verified copy of this resolution, and to perform on behalf of Los Angeles County Law Library all functions required of it under the Act.

Adopted at a regular meeting of the Board of Trustees of the Los Angeles County Law Library at 301 W. 1st Street, Los Angeles, CA 90012, this 25th day of October, 2017.

Signed: \_\_\_\_\_  
Hon. Ann I. Jones, President

Attest: \_\_\_\_\_  
Sandra J. Levin, Executive Director

**MEMORANDUM**

**DATE:** October 25, 2017

**TO:** Board of Law Library Trustees

**FROM:** Sandra Levin, Executive Director  
Malinda Muller, Director, Patron Services  
Austin Stoub, Senior Librarian, Reference & Research

**RE:** Approval of One-Month Extension of Platinum Level Membership

**INTRODUCTION**

At the June meeting, the Board of Trustees approved commencement of a three-month pilot program to test adding a “Platinum” tier to the Members Program. After signing an agreement in July, the Law Library began a three-month pilot program with a large, multi-national law firm which is set to expire October 31. In order to assess the feasibility of a longer-term Platinum Membership level for consideration by the Board, we are requesting an extension of the pilot program for one additional month, through November, on the current terms.

**ANALYSIS & BACKGROUND**

As noted above, the Platinum pilot has been active since August 1, 2017. The pilot program has proceeded smoothly to date. Our agreement with the firm allows us to be responsive to their document delivery requests, while not incurring an inordinate amount of staff costs in fulfilling these requests. The demand has been easily manageable and the nature of the requests has been relatively straightforward.

Feedback from our partner in this program has been overwhelmingly positive; they are pleased with our response time, with the resources we offer, and with the level and diversity of skill that we offer. For example, the response time has far exceeded the minimum parameters of the agreement. Additionally, they have been able to rely not only on our digital resources but also on print resources for lesser-known items in the Law Library print collection.

Extending the Platinum Members pilot program through November would:

- Continue our Platinum Members pilot with our current Platinum Member;
- Provide continued revenue stream from the Platinum Member pilot program for an additional month; and
- Allow the Law Library to explore the options, costs and benefits of a long-term platinum program.

Staff anticipates presenting a recommendation to the Board at the November meeting regarding whether to continue the Platinum Level of membership long term.

**RECOMMENDATION**

Staff recommends the Board of Trustees approve extending the existing Platinum Member pilot program through the end of November on the current terms.





# AGENDA ITEM 4

## DISCUSSION ITEMS

- 4.1 Review and Receipt of Draft Financial Statement Audit Report and SAS 114 Letter for the Fiscal Year Ended June 30, 2017
- 4.2 FY17-18 Financial Budget Review Through August



**MEMORANDUM**

**DATE:** October 25, 2017

**TO:** Board of Law Library Trustees

**FROM:** Sandra J. Levin, Executive Director  
Marcelino Juarez, Finance Manager

**RE:** Review and Receipt of Draft Financial Statement Audit Report and SAS 114 Letter for the Fiscal Year Ended June 30, 2017

**SUMMARY**

Staff recommends that the Board review and accept the draft audited financial statement report and SAS 114 Letter for the fiscal year ended June 30, 2017.

**DISCUSSION**

Staff is pleased to report that the LA Law Library's outside auditors, Vasquez & Company, LLP, with the assistance of the Library's finance staff, have completed their audit of the Law Library's financial statements for the fiscal year ended June 30, 2017 and issued an unqualified opinion. No material weaknesses were identified. The proposed draft audited financial statement report and SAS 114 letter are attached.

This audit year, there were no changes in accounting practice; however, early implementation of newly released statements by the Governmental Accounting Standard Board (GASB) resulted in significant accounting adjustments. The new statement is:

- Governmental Accounting Standards (GASB) Statement No. 75: This statement replaces Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The requirements of this statement are effective for fiscal years beginning after June 15, 2017 but after consultation with outside auditors and an actuary firm, Staff decided to apply GASB 75 in the current audit. The implementation of this statement did materially impact the Library's financial statements for the fiscal year ended June 30, 2017. In particular, the implementation of GASB 75 required the Law Library to recognize an additional liability of \$2.4M and a current year, non-cash, expense of \$241K.

In terms of cash position, the Library went from a cash position of \$7.9M at the end of fiscal year 2016 to \$8.2M at the end of the fiscal year 2017. This increase is primarily due to a slight increase in filing fee revenue, lower payroll as a result of unplanned vacancies, better than expected return on investments, and deferral of capital expenditures.



**RECOMMENDATION**

Staff recommends that the Board review the attached audited financial statements and SAS 114 Letter, ask any questions, discuss and then accept the report.

Attachments:

1. Draft Los Angeles County Law Library Financial Statement and Independent Auditor's Report for the Year Ended June 30, 2017 (with Comparative Totals for 2016)
2. Draft SAS 114 Letter



**DRAFT 10.19.2017**



**Los Angeles County Law Library  
Audited Financial Statements  
*Year Ended June 30, 2017 and 2016  
with Report of Independent Auditors***

**Los Angeles County Law Library**  
**Audited Financial Statements**  
***Year Ended June 30, 2017 and 2016***  
***with Report of Independent Auditors***

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## Report of Independent Auditors

### To the Board of Trustees of Los Angeles County Law Library

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Los Angeles County Law Library (the Law Library) which comprise the statements of net position as of June 30, 2017 and 2016 and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

The Law Library's management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Law Library as of June 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the required supplementary information on pages 32 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Implementation of New Accounting Standards*

As discussed in Note 2, the Law Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* effective for the fiscal year ended June 30, 2017. As a result of this implementation, the Law Library's financial statements were restated to retroactively report the net OPEB liability as of June 30, 2016. Our opinion is not modified with respect to this matter.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October \_\_, 2017 on our consideration of the Law Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Law Library's internal control over financial reporting and compliance.

**Los Angeles, California**  
**October \_\_, 2017**

This section is intended to provide the reader of this report with a general overview of the financial activities of the Law Library for the Fiscal Year ended June 30, 2017 and 2016. The information in this section should be read in conjunction with the accompanying financial statements and footnotes.

## **FINANCIAL HIGHLIGHTS**

Total revenues for the Fiscal Years ended June 30, 2017 and 2016 for the Law Library were \$8,202,320 and \$7,968,602, respectively. Of the total revenue amounts, \$6,863,014 and \$6,604,626 represent portions of filing fees paid by parties in civil cases in the Superior Court of California, County of Los Angeles.

Operating expenses for the years ended June 30, 2017 and 2016 totaled \$9,811,772 and \$8,555,986, respectively.

Depreciable capital assets aggregating \$1,869,045 and \$2,119,367 were acquired during the fiscal years 2017 and 2016, respectively.

The Law Library continues to have no long-term debt.

The Law Library early adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This resulted in recognition of Net OPEB Liability of \$2,457,252 as of June 30, 2017 and pension expense of \$241,029 for the year then ended.

## **HIGHLIGHTS OF FISCAL YEAR 2017**

### Board of Trustees Composition

There were no changes in the composition of LA Law Library's Board of Trustees during the fiscal year. Hon. Ann I. Jones (President), Hon. Mark A. Juhas (Vice President), Susan Steinhauser, Esq., Hon. Dennis Landin, Hon. Michelle W. Court, Hon. Richard Rico and Kenneth Klein, Esq. continued as members.

### Award of Contract for Financial Audit

Following a Request for Proposals (RFP) for LA Law Library's annual audit services, Vasquez & Company, LLP was selected as the Library's auditors for fiscal year 2015 (with an option to renew for two subsequent years). The Library renewed and retained Vasquez & Company, LLP for its fiscal year 2016-17 financial audit.

### Implementation of Cash Rewards Payment System

Having identified a business card partner, in January 2015, LA Law Library's credit card reward program was implemented. In fiscal year 2016-17, the Library generated an additional \$48K in rewards, \$120K since inception.

California Employer's Retirement Benefit Trust (CERBT)

At the end of FY 2014, the Board approved entering into an agreement with the California Public Employee's Retirement System Board of Administration (CalPERS Board) to establish a California Employers' Retirement Benefit Trust funded initially with \$2M to fund its Other Post-Employment Benefits (OPEB) liability for its current and future retirees. At the end of fiscal year 2016-17, the fund balance was \$2.1M, after a \$40K distribution request to offset retiree medical costs paid during the year.

Implementation of GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)

Effective for fiscal years beginning after June 15, 2017 GASB 75 will be replacing GASB 45. Following discussions with outside auditors and our actuary a decision was made to apply the new GASB 75 statement to fiscal year 2016-17 financials. GASB 75 will require us to report an OPEB liability on the face of our financial statements rather than in the footnotes. It may also result in a corresponding OPEB expense (non-cash) depending on factors such as benefits earned each year, interest on the total OPEB liability, changes in benefit terms, and projected earnings on plan investments.

Hill Street Parking Revenue

In addition to the \$525K guarantee LA Law Library receives from its parking operator, Parking Concepts, Inc., \$190K was generated as a result of additional demand, including after-hour, weekend, and special event activities.

Investment

Following an analysis of consideration of cash needs and return on investment staff recommended and the Board approved an additional \$500K investment in less liquid but higher yield Zero-Coupon US Treasury obligations through UBS Financial Services directly funded by funds held with the Local Agency Investment Fund (LAIF). At the end of fiscal year 2016-17, the Library's investment totaled \$4.5M.

Prepayment of the Library's Pension Unfunded Accrued Liability (UAL)

The Library's pension plan is administered by CalPERS. Pension liability for current and future retirees continues to rise. As proactive step and following an analysis of consideration of cash needs and return on investments, staff recommended and the Board approved a \$500K prepayment of its pension UAL. The goal was to maximize its return on investment and at the same time protect pension benefits for future retirees.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts: 1) Management's Discussion and Analysis and 2) the Basic Financial Statements composed of four components: a) statement of net position, b) statement of revenues, expenses and changes in net position, c) statement of cash flows, and d) notes to the financial statements.

### Statement of Net Position

The statement of net position presents information on all the Law Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Law Library is improving or deteriorating. The statement of net position can be found on page 10.

### Statement of Revenues, Expenses and Change in Net Position

This statement presents information on the Law Library's revenues and expenses with the difference being the change in net position during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The statement of revenues, expenses and changes in net position can be found on page 11.

### Statement of Cash Flows

This statement presents detailed information on the Law Library's three main sources and uses of funds which are classified as from operating, financing and investing activities. The statement of cash flows can be found on page 12.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the statement of net position, statement of revenues, expenses and change in net position and statement of cash flows. The notes to the financial statements can be found on pages 13 through 29 of this report.

**FINANCIAL ANALYSIS**

The following table presents a condensed statement of net position of the Library:

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current and other assets	<b>9,813,119</b>	\$ 9,551,685
Capital assets (net)	<b>18,680,406</b>	19,647,743
Total assets	<b>28,493,525</b>	29,199,428
<b>Deferred Outflows of Resources</b>		
	<b>1,124,865</b>	907,530
<b>Liabilities</b>		
Current liabilities	<b>122,340</b>	237,912
Other liabilities	<b>5,738,750</b>	4,138,025
Total liabilities	<b>5,861,090</b>	4,375,937
<b>Deferred Inflows of Resources</b>		
	<b>531,502</b>	895,773
<b>Net position</b>		
Net investment in capital assets	<b>18,680,406</b>	19,647,743
Unrestricted	<b>4,545,390</b>	5,187,505
Total net position	<b>\$ 23,225,796</b>	\$ 24,835,248

Unrestricted net position can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Unrestricted net position of the Law Library decreased in 2017 from \$5,187,505 to \$4,545,390 because of additional expenses reported as a result of adopting GASB Statement No. 75. Pension expense reported was also higher in 2017 because of lower investment income reported by CalPERS. Even though the Law Library's total net position decreased during the year, the decrease was also attributable to depreciation of capital assets and therefore, affected primarily the balance of net investment in capital assets.

**Los Angeles County Law Library  
Management's Discussion and Analysis  
Year ended June 30, 2017**

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The condensed statement of revenues, expenses and change in net position follows:

	<u>2017</u>	<u>2016</u>
<b>Operating Revenues</b>		
Court fees	\$ 6,863,014	\$ 6,604,626
Other operating revenues	1,232,247	1,209,659
<b>Non-operating (expenses) revenues</b>		
Investment (loss) earnings	(3,562)	101,982
Miscellaneous	110,621	52,335
Total revenues	<u>8,202,320</u>	<u>7,968,602</u>
<b>Operating Expenses</b>		
Salaries and benefits	5,165,184	3,838,898
Depreciation	2,821,826	2,952,940
Other operating expenses	1,824,762	1,764,148
Total expenses	<u>9,811,772</u>	<u>8,555,986</u>
Change in net position	(1,609,452)	(587,384)
<b>Net position</b>		
Net position at beginning of year	<u>24,835,248</u>	25,422,632
Net position at end of year	<u>\$ 23,225,796</u>	<u>\$ 24,835,248</u>

**BUDGETARY HIGHLIGHTS**

The comparison of the Fiscal Year 2017 actual results of operations against budget and the explanations of significant variances is presented below:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues:			
Court fees	\$ 6,863,014	\$ 6,545,083	\$ 317,931
Other operating revenues	1,232,247	1,149,352	82,895
Non-operating revenues:			
Investment earnings	(3,562)	58,688	(62,250)
Miscellaneous	110,621	120,999	(10,378)
Total revenues	<u>8,202,320</u>	<u>7,874,122</u>	<u>328,198</u>
Operating Expenses:			
Salaries and benefits	5,165,184	4,038,026	(1,127,158)
Depreciation	2,821,826	2,960,377	138,551
Other operating expenses	1,824,762	1,867,994	43,232
Total expenses	<u>9,811,772</u>	<u>8,866,397</u>	<u>(945,375)</u>
Change in net position	<u>\$ (1,609,452)</u>	<u>\$ (992,275)</u>	<u>\$ (617,177)</u>

The actual change in net position differed from budget by \$617,177.

The favorable variance in court fees was due to the slight increase in court fee revenue. Since its peak in 2009, court fees continuously decreased until FY 2015. In FY 2016 and FY 2017, court fees increased slightly. The favorable variance in other operating revenues was primarily due to a generous contribution from the Friends of the Law Library, increased room rental activity, and increased parking revenue. There was an unfavorable variance in non-operating revenues because of lower investment earnings realized during the year. The unfavorable variance in salaries and benefits was due to an increase in pension expense, a non-cash expense, resulting directly from CalPERS' poor earnings on its plan investments for FY 2016 of .6%. Moreover, the early implementation of GASB 75 resulted in additional OPEB expense recognized during the fiscal year ended June 30, 2017. The favorable variance in depreciation expense resulted from less than planned capital purchases.

**CAPITAL ASSETS**

The Law Library had \$18,680,406 and \$19,647,743 invested in capital assets as of June 30, 2017 and 2016, respectively. The following schedule summarizes capital assets held by the Law Library:

**Los Angeles County Law Library  
Management's Discussion and Analysis  
Year ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
Capital assets, not being depreciated	<u>\$ 580,333</u>	<u>\$ 580,333</u>
Capital assets, being depreciated	<u>64,331,351</u>	62,476,862
Accumulated depreciation	<u>(46,231,278)</u>	(43,409,452)
Capital assets being depreciated, net	<u>18,100,073</u>	<u>19,067,410</u>
Total capital assets, net	<u>\$ 18,680,406</u>	<u>\$ 19,647,743</u>

Additional information on the Law Library's capital assets can be found in Note 5, page 22 of this report.

**Contacting the Los Angeles County Law Library's Financial Management**

This financial report is designed to provide citizens and other interested parties with a general overview of the Law Library's finances and to demonstrate its accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Los Angeles County Law Library's Executive Office at (213)785-2529.

**Los Angeles County Law Library  
Statements of Net Position**

	June 30	
	2017	2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,309,692	\$ 3,551,273
Accounts receivable	1,323,638	1,312,178
Prepaid expenses and other current assets	284,032	253,808
Total current assets	4,917,362	5,117,259
Noncurrent assets		
Restricted cash and cash equivalents	318,470	318,470
Investments	4,577,287	4,115,956
Capital assets, not being depreciated	580,333	580,333
Capital assets, being depreciated – net	18,100,073	19,067,410
Total noncurrent assets	23,576,163	24,082,169
Total assets	28,493,525	29,199,428
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources	1,124,865	907,530
<b>Liabilities</b>		
Current liabilities		
Accounts payable	114,022	225,599
Other current liabilities	8,319	12,313
Total current liabilities	122,341	237,912
Noncurrent liabilities		
Accrued sick and vacation liability	304,753	359,980
Borrowers' deposits	292,828	327,949
OPEB liability	2,457,252	2,216,223
Net pension liability	2,683,917	1,233,873
Total noncurrent liabilities	5,738,750	4,138,025
Total liabilities	5,861,091	4,375,937
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources	531,502	895,773
<b>Net Position</b>		
Net position		
Net investment in capital assets	18,680,406	19,647,743
Unrestricted	4,545,390	5,187,505
Total net position	\$ 23,225,796	\$ 24,835,248

**Los Angeles County Law Library**  
**Statements of Revenues, Expenses and Changes in Net Position**

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	Years Ended June 30	
	2017	2016
<b>Operating Revenues</b>		
Court fees	\$ 6,863,014	\$ 6,604,626
Parking fees	703,924	715,481
Contributions	157,289	120,000
Annual fees	111,484	119,269
Copy center and document delivery	67,428	85,377
Other operating revenues	192,122	169,532
Total operating revenues	8,095,261	7,814,285
<b>Operating Expenses</b>		
Salaries and benefits	5,165,184	3,838,898
Depreciation	2,821,826	2,952,940
Services and supplies	1,358,783	1,282,666
Insurance	261,565	293,134
Utilities	156,517	156,896
Other operating expenses	47,897	31,452
Total operating expenses	9,811,772	8,555,986
<b>Operating loss</b>	(1,716,511)	(741,701)
<b>Non-operating revenues (expenses)</b>		
Investment (loss) earnings	(3,562)	101,982
Miscellaneous income	110,621	52,335
Total non-operating revenues (expenses)	107,059	154,317
<b>Change in net position</b>	(1,609,452)	(587,384)
<b>Net position</b>		
Net position at beginning of year	24,835,248	25,422,632
Net position at end of year	\$ 23,225,796	\$ 24,835,248

**Los Angeles County Law Library  
Statements of Cash Flows**

	<b>Years Ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Cash received from court fees and services	\$ 7,891,391	\$ 7,719,841
Cash payments to suppliers for goods and services	(1,966,563)	(1,772,233)
Cash payments to employees for services	(4,114,938)	(3,763,250)
Contributions received	157,289	120,000
Net cash from operating activities	1,967,179	2,304,358
<b>Cash flows from capital and related financing activities</b>		
Acquisition of capital assets	(1,854,489)	(2,119,367)
Net cash used in capital and related financing activities	(1,854,489)	(2,119,367)
<b>Cash flows from non-capital and related financing activities</b>		
Miscellaneous income	110,622	52,335
Net cash from non-capital and related financing activities	110,622	52,335
<b>Cash flows from investing activities</b>		
Investment in money market funds and government securities	(461,331)	(78,437)
Investment (loss) earnings	(3,562)	101,982
Net cash from investing activities	(464,893)	23,545
Net increase (decrease) in cash and cash equivalents	(241,581)	260,871
Cash and cash equivalents, at beginning of year	3,869,743	3,608,872
Cash and cash equivalents, at end of year	\$ 3,628,162	\$ 3,869,743
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>		
Operating income (loss)	\$ (1,716,511)	(741,701)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	2,821,826	2,952,940
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(11,460)	24,400
(Increase) decrease in prepaid expenses and other current assets	(30,224)	(14,649)
Increase (decrease) in accounts payable	(111,577)	6,565
Increase (decrease) in other liabilities	(3,994)	(9,962)
Increase (decrease) in accrued sick and vacation liability	(55,227)	(9,272)
Increase (decrease) in borrowers' deposits	(35,121)	1,155
(Increase) decrease in OPEB asset/liability	241,029	129,258
(Increase) decrease in net pension asset/liability	1,450,044	1,403,658
(Increase) decrease in deferred outflows of resources	(217,335)	(504,029)
Increase (decrease) in deferred inflows of resources	(364,271)	(934,005)
Net cash from operating activities	\$ 1,967,179	\$ 2,304,358

**NOTE 1 ORGANIZATION AND PROFILE**

The Los Angeles County Law Library (“the Law Library”) was established in 1891 under a California statute of that year. As do other county law libraries in California, it operates under §6300 of the California Business and Professions Code. The Law Library is an independent public agency and is not part of the county government. Its income is derived primarily from a portion of the filing fees paid by parties in civil cases in the Superior Court of California County of Los Angeles. Thus, it is supported by litigants who derive the main benefits from the Law Library, rather than by general tax funds.

The Law Library is governed by the Board of Trustees, which consists of five (5) Superior Court Judges, the Chairman of the Board of Supervisors (or his designee), and one member of the local bar appointed by the Board of Supervisors. The Trustees serve without compensation and meet monthly. The Law Library’s administrative officer is the Library Executive Director and is directly responsible to report to the Law Library’s Board of Trustees. The Library Executive Director also serves as Secretary of the Board.

The Law Library presently operates and maintains a flagship branch in downtown Los Angeles, nine (9) branch and partnership locations in courthouses, public libraries and a bar association office throughout the County of Los Angeles. The Law Library is open to the public and provides classes, workshops, books, online resources, self-help materials and reference assistance for self-represented litigants, judges, attorneys, legal professionals and other members of the public.

The accompanying financial statements reflect the Law Library’s financial activities. The Law Library has no component units.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Law Library’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Law Library’s more significant accounting policies are described below.

**Basis of Accounting and Measurement Focus**

The Law Library is considered an enterprise fund for financial reporting purposes. The accompanying financial statements have been prepared using the total economic measurement focus and the accrual basis of accounting. Under this basis of accounting and measurement focus, revenues are recognized when they are earned and expenses are recognized when they are incurred.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (Continued)**

The Law Library's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Statement No. 63 requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net assets. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of invested in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amounts.
- *Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Implementation of New Accounting Pronouncements**

During the fiscal year ended June 30, 2017, the Law Library early adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed in this Statement.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Law Library's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Law Library's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents have been defined as deposits and highly liquid investments with maturity of 90 days or less at the date of purchase. As of June 30, 2017 and 2016, cash and cash equivalents consist of:

	<b>2017</b>	2016
Cash and cash equivalents	<b>\$ 3,309,692</b>	\$ 3,551,273
Restricted cash and cash equivalents	<b>318,470</b>	318,470
	<b>\$ 3,628,162</b>	\$ 3,869,743

Restricted cash and cash equivalents represent deposits received from members for their library privileges.

**Capital Assets and Depreciation**

Capital assets are recorded at cost. Assets, other than books and reference materials, with acquisition costs of \$3,000 or more are capitalized. Books and reference materials are capitalized regardless of the amount.

The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the Law Library's capital assets are as follows:

Books and reference materials	10 years
Computer equipment and software	4 years
Furniture, fixtures and other equipment	4-7 years
Interior building improvements	15 years
Buidings and exterior building improvements	15 – 50 years

**Revenue Recognition**

The Law Library's revenues are recognized on an accrual basis. However, amounts collected from borrowers representing security deposits for their library privileges are reported in the accompanying financial statements as Borrower Deposits.

The Law Library derives its income primarily from a portion of the filing fee charged to parties engaged in civil litigation in the Superior Court of California County of Los Angeles.

**Operating Revenues and Non-Operating Revenues**

Operating revenues are those revenues that are generated directly from activities of the Law Library. Non-operating revenues are revenues related to investment earnings.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE 3      CASH AND CASH EQUIVALENTS AND INVESTMENTS**

As of June 30, 2017 and 2016, cash and cash equivalents and investments are composed of:

	<b>2017</b>	<b>2016</b>
<u>Cash and cash equivalents:</u>		
Local Agency Investment Fund	<b>\$ 353,722</b>	\$ 847,549
Cash deposited with the Los Angeles County Treasurer	<b>3,040,285</b>	2,396,288
Cash on hand and in bank	<b>(84,315)</b>	307,436
Restricted deposits	<b>318,470</b>	318,470
	<b>3,628,162</b>	3,869,743
<u>Investments:</u>		
Money market funds	<b>919,258</b>	953,245
Government securities	<b>3,658,029</b>	3,162,711
	<b>4,577,287</b>	4,115,956
Total	<b>\$ 8,205,449</b>	\$ 7,985,699

The Law Library is a voluntary participant in the Local Agency Investment Fund (LAIF), a special fund regulated by the California State Treasury through which each city, district or agency may invest up to \$40 million. As of June 30, 2017 and 2016, the total market value of LAIF, including accrued interest was approximately \$77.6 billion and \$75.4 billion, respectively. The Law Library's proportionate share of that value as of June 30, 2017 and 2016 is \$0.3 million and \$0.8 million, respectively. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty four (24) hours without loss of interest.

In accordance with the Government Code, cash balances of the Law Library are deposited with the County's investment pool and invested by the Los Angeles County Treasurer for the purpose of increasing interest earnings through investments activities. Interest earned on pooled investments is deposited in participating funds based upon each fund's average daily balance during the allocation period.

Statutes authorize the County of Los Angeles to invest pooled investments in obligations of the United States Treasury, federal agencies, municipalities, commercial papers rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposit, floating rate notes, repurchase agreements, and reverse repurchase agreements.

**NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Funds deposited in the Los Angeles County Treasury Pool amounted to \$3,358,755 and \$2,714,758 as of June 30, 2017 and 2016, respectively. Of this amount, \$318,470 represents restricted cash and cash equivalents relating to deposits received from members for their library privileges as of June 30, 2017 and 2016.

All investments are stated at fair value. Net changes in the fair value of investments are reflected as non-operating revenue in the Statement of Revenues, Expenses and Changes in Net Position.

**Risk**

In accordance with GASB Statement No. 40, *Deposit and Risk Disclosure – an Amendment of GASB Statement No.3*, certain required disclosures regarding investment policies and practices with respect to the risk associated with their credit risk, concentration of credit risk, custodial credit risk and interest rate risk are discussed in the following paragraphs:

**Interest Rate Risk**

Interest rate risk, as defined under GASB Statement No. 40, is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The following table shows the distribution of the Law Library’s investments by maturity:

**June 30, 2017**

Investment Type	Total	Remaining maturity in Months		
		12 Months Or Less	13 to 24 Months	25-60 Months
Money market funds	\$ 919,258	\$ 919,258	\$ -	\$ -
Government securities	3,658,029	-	521,394	3,136,635
	<u>\$ 4,577,287</u>	<u>\$ 919,258</u>	<u>\$ 521,394</u>	<u>\$ 3,136,635</u>

**June 30, 2016**

Investment Type	Total	Remaining maturity in Months		
		12 Months Or Less	13 to 24 Months	25-60 Months
Money market funds	\$ 953,245	\$ 953,245	\$ -	\$ -
Government securities	3,162,711	505,342	513,851	2,143,518
	<u>\$ 4,115,956</u>	<u>\$ 1,458,587</u>	<u>\$ 513,851</u>	<u>\$ 2,143,518</u>

**NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating by Standard & Poor's required by (where applicable) the California Government Code or the Law Library's investment policy and the actual rating as of year-end for each investment type:

**June 30, 2017**

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>AA+/AA</u>
Money market funds	\$ 919,258	A	\$ 919,258
Government securities	<u>3,658,029</u>	A	<u>3,658,029</u>
	<u>\$ 4,577,287</u>		<u>\$ 4,577,287</u>

**June 30, 2016**

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>AA+/AA</u>
Money market funds	\$ 953,245	A	\$ 953,245
Government securities	<u>3,162,711</u>	A	<u>3,162,711</u>
	<u>\$ 4,115,956</u>		<u>\$ 4,115,956</u>

**Concentration of Credit Risk**

Under GASB Statement No. 40, concentration of credit risk is the risk of loss attributable to the magnitude of the Law Library's investment in a single issuer. As of June 30, 2017 and 2016, the Law Library was not exposed to concentration of credit risk.

**Custodial Credit Risk**

GASB Statement No. 40 defines custodial credit risk as the risk that the Law Library will not be able to (a) recover deposits if the depository financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party.

The California Government Code requires California banks and savings and loan associations to secure a local government agency's (agency) deposit by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposit by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits.

**NOTE 3            CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

The agency may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

Deposits are exposed to custodial credit risk if they are uninsured and are either:

- a. Uncollateralized.
- b. Collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the depositor-government's name.

As of June 30, 2017 and 2016, the Law Library was not exposed to custodial credit risk.

**NOTE 4            FAIR VALUE MEASUREMENTS**

During the fiscal year ended June 30 2016, the Library implemented GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; while Level 3 inputs are significant unobservable inputs.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The following tables represent the Library's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

<u>Investment Type</u>	June 30, 2017			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	Money market funds	\$ 919,258	\$ -	\$ -
Government securities	3,658,029	-	-	3,658,029
	\$ 4,577,287	\$ -	\$ -	\$ 4,577,287

<u>Investment Type</u>	June 30, 2016			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	Money market funds	\$ 953,245	\$ -	\$ -
Government securities	3,162,711	-	-	3,162,711
	\$ 4,115,956	\$ -	\$ -	\$ 4,115,956

The Library's investments in LAIF and LA County Pool as of June 30, 2017 and 2016 is reported at the Library's pro-rata share of the amortized cost provided by LAIF and LA County Treasurer for the entire portfolio. This amount approximates fair value.

**Los Angeles County Law Library  
Notes to Financial Statements  
Years ended June 30, 2017 and 2016**

**NOTE 5 CAPITAL ASSETS**

The investment in capital assets consists of the following:

	Balance June 30, 2016	Adjustment	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 580,333	\$ -	\$ -	\$ -	\$ 580,333
Total capital assets, not being depreciated	<u>580,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,333</u>
Capital assets, being depreciated:					
Building and improvements	12,136,023	-	-	-	12,136,023
Books and reference materials	47,517,488	-	1,841,721	-	49,359,209
Furniture, fixtures and other equipment	2,058,728	-	-	-	2,058,728
Computer equipment and software	764,623	(14,556)	27,324	-	777,391
Total capital assets, being depreciated	<u>62,476,862</u>	<u>(14,556)</u>	<u>1,869,045</u>	<u>-</u>	<u>64,331,351</u>
Accumulated depreciation	<u>(43,409,452)</u>	<u>-</u>	<u>(2,821,826)</u>	<u>-</u>	<u>(46,231,278)</u>
Capital assets being depreciated, net	<u>19,067,410</u>	<u>(14,556)</u>	<u>(952,781)</u>	<u>-</u>	<u>18,100,073</u>
Capital assets, net	<u>\$ 19,647,743</u>	<u>\$ (14,556)</u>	<u>\$ (952,781)</u>	<u>\$ -</u>	<u>\$ 18,680,406</u>

	Balance 42,185	Adjustment	Additions	Deletions	Balance 42,551
Capital assets, not being depreciated:					
Land	\$ 580,333	\$ -	\$ -	\$ -	\$ 580,333
Total capital assets, not being depreciated	<u>580,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,333</u>
Capital assets, being depreciated:					
Building and improvements	12,133,023	-	3,000	-	12,136,023
Books and reference materials	45,453,837	(37,361)	2,101,012	-	47,517,488
Furniture, fixtures and other equipment	2,054,804	-	3,924	-	2,058,728
Computer equipment and software	753,192	-	11,431	-	764,623
Total capital assets, being depreciated	<u>60,394,856</u>	<u>(37,361)</u>	<u>2,119,367</u>	<u>-</u>	<u>62,476,862</u>
Accumulated depreciation	<u>(40,493,873)</u>	<u>37,361</u>	<u>(2,952,940)</u>	<u>-</u>	<u>(43,409,452)</u>
Capital assets being depreciated, net	<u>19,900,983</u>	<u>-</u>	<u>(833,573)</u>	<u>-</u>	<u>19,067,410</u>
Capital assets, net	<u>\$ 20,481,316</u>	<u>\$ -</u>	<u>\$ (833,573)</u>	<u>\$ -</u>	<u>\$ 19,647,743</u>

**NOTE 6 RETIREMENT PLAN**

**A. General Information about the Pension Plans**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Law Library’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the Law Library’s resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Classic participants (defined as eligible participants prior to January 1, 2013) are required to contribute 8% of their annual covered salary. New or Public Employees’ Pension Reform Act of 2013 (PEPRA) participants (defined as eligible employees brought into CalPERS membership for the first time on or after January 1, 2013) contribute at least half the normal cost rate as determined by CalPERS. The Law Library contributes the remaining amounts necessary to fund the benefits for its employees, using the actuarial basis adopted by the CalPERS Board of Administration.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the California Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2017 and 2016 are summarized as follows:

	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.31%
Required employer contribution rates	11.68%	6.90%

**NOTE 6 RETIREMENT PLAN (CONTINUED)**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The Law Library is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017 and 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	2017		2016	
	Classic	PEPRA	Classic	PEPRA
Contributions - employer	\$ 292,226	-	\$ 258,449	\$ 19,727
Contributions - employee	168,651	-	163,226	19,820

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2017 and 2016, the Law Library reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability (Asset)	
	2017	2016
Miscellaneous (Classic)	\$ 2,683,917	\$ 1,236,782
Miscellaneous (PEPRA)	-	(2,909)
Net Pension Liability	\$ <u>2,683,917</u>	\$ <u>1,233,873</u>

**NOTE 6 RETIREMENT PLAN (CONTINUED)**

Effective for measurement period 2015, CalPERS provides GASB 68 Accounting Valuation Report for the Miscellaneous risk pool and allocation methodology to be used by participants in the risk pool. The schedules of employer allocation include three ratios. It includes allocation for the Total Pension Liability, Plan Fiduciary Net Position and all others pension amounts (e.g. deferred outflows/inflows of resources and pension expense). The Total Pension Liability is allocated based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2015 used for funding purposes. The Plan Fiduciary Net Position is allocated based on the sum of the Market Value of Assets from the most recent Actuarial Valuation as of June 30, 2015 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities. All other pension amounts (deferred outflows/inflows of resources and pension expense) are allocated based on the legally or statutorily required employer contributions for the fiscal year ended June 30, 2016, including reported contribution adjustments and suspended payroll information.

The Law Library's allocation bases for pension items for 2017 reporting period are as follows:

	<b>2017</b>
Total pension liability	0.00158450
Plan fiduciary net position	0.00184270
All other pension amounts (deferred outflows/inflows of resources and pension expense)	0.00082020

For the year ended June 30, 2017, the Law Library recognized pension expense of \$1,660,663. At June 30, 2017 and 2016, the Law Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 792,226	\$ -	\$ 278,176	\$ -
Differences between actual and expected experience	11,264	(2,278)	17,521	
Differences in proportions	34,024		-	
Changes in assumptions	-	(106,568)	-	(165,772)
Change in employer's proportion	247,854		179,835	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(422,656)	7,093	(221,992)
Net differences between projected and actual earnings on plan investments	39,497		424,905	(508,009)
Total	\$ 1,124,865	\$ (531,502)	\$ 907,530	\$ (895,773)

**NOTE 6 RETIREMENT PLAN (CONTINUED)**

\$792,226 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Amount
2018	\$ (273,190)
2019	(247,261)
2020	194,808
2021	126,781
2022	-
Thereafter	-

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	30-Jun-15
Measurement Date	30-Jun-16
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Mortality	(2)
Post-Retirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) Derived using CalPERS' Membership Data for all funds
- (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**NOTE 6 RETIREMENT PLAN (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent, gross of administrative expense. CalPERS pension discount rate is set equal to the long-term expected rate of return calculated using the capital market assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Law Library's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Law Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		<u>Miscellaneous Plan</u>
1% Decrease		6.65%
Net Pension Liability	\$	5,755,204
Current Discount Rate		7.65%
Net Pension Liability (Asset)	\$	2,683,917
1% Increase		8.65%
Net Pension Liability (Asset)	\$	145,650

**NOTE 6            RETIREMENT PLAN (CONTINUED)**

**C. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**D. Payable to the Pension Plan**

As of June 30, 2017 and 2016, the Law Library did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2017 and 2016.

**NOTE 7            OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Law Library offers medical and dental insurance to eligible retirees and their spouses. CalPERS and Guardian, single-employer defined benefit plans, administer the Library's medical and dental plans, respectively. The Law Library's Board of Trustees has the authority to establish and amend benefit provisions for its employees. CalPERS and Guardian issue publicly available annual financial reports that include financial statements and required supplementary information for their benefit plans. Those reports may be obtained through their websites at [www.calpers.ca.gov](http://www.calpers.ca.gov) and [www.guardianlife.com](http://www.guardianlife.com).

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Description of Retiree Benefits**

Following is a description of the benefits provided under the Plan:

	<u>SEIU</u>	<u>Non-represented</u>
Benefit types provided	Medical and dental *	Medical and dental *
Duration of Benefits	Lifetime	Lifetime
Required Service	5 years	5 years
Minimum Age	50	50
Dependent Coverage	Yes	Yes
Library Contribution %	100% for employee and 50% for dependent up to cap	100% for employee and 50% for dependent up to cap
Library Medical Cap**	<u>Employee Only:</u> Up to full cost of 2011 premium highest CalPERS LA Region Group Health HMO plan offered (\$496.93) and one half (50%) of all premium increases since 2011  <u>Dependents:</u> Up to one half (50%) of the cost of 2011 premiums highest CalPERS LA Region Group Health HMO plan for dependents (\$248.47 for Employee & 1 Dependent, \$397.55 for Employee & 2 or more dependents), plus one half (50%) of the cost of any increase since 2011	<u>Employee Only:</u> Up to full cost of 2011 premium highest CalPERS LA Region Group Health HMO plan offered (\$496.93) and one half (50%) of all premium increases since 2011  <u>Dependents:</u> Up to one half (50%) of the cost of 2011 premiums highest CalPERS LA Region Group Health HMO plan for dependents (\$248.47 for Employee & 1 Dependent, \$397.55 for Employee & 2 or more dependents), plus one half (50%) of the cost of any increase since 2011

\*Those hired prior to 7/1/08 receive dental coverage

\*\*There is no cap for dental

**Employees covered by benefit terms**

At June 30, 2017, (valuation date), the following employees were covered by the benefit terms of the Plan:

Category	Count
Active employees	36
Inactive employees or beneficiaries currently receiving benefit payments	33
Inactive employees entitled to but not yet receiving benefit payment	-
	<u>69</u>

**Contributions and Funding Policy**

The contribution requirements of plan members and the Law Library are established and may be amended by the Board of Trustees. During the fiscal year 2014, the Law Library joined the California Employers' Retiree Benefit Trust (CERBT) program and contributed \$2,000,000 to the Plan. At June 30, 2017, the Trust account balance was \$2,135,363.

**NOTE 7      OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Net OPEB Liability**

The Library's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

*Actuarial Assumptions*

This valuation assumes that the Library will fund the Plan on an ad hoc basis, in an amount sufficient to fully fund the obligation over a period not exceed 30 years. The Normal Cost is the portion of the Actuarial Present Value of benefits allocated to a valuation year. The UAAL is the excess of the Entry Age Normal Actuarial Accrued Liability over the Market Value of Assets.

The total OPEB liability for the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age actuarial cost method
Inflation	2.75%
Salary increases	2.75% per year
Investment rate of return	6.5%; based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method
Healthcare cost trend rates	4% per year
Mortality rates	Based on 2014 CalPERS active mortality for Miscellaneous employees

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage using geometric means and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Asset Class	Percentage of Portfolio	Assumed Growth Return
US Large Cap	40%	7.7950%
US Small Cap	10%	7.7950%
Long-term Corporate Bonds	18%	5.2950%
Long-term Government Bonds	6%	4.5000%
Treasury Inflation Protected Securities (TIPS)	15%	7.7950%
US Real Estate	8%	7.7950%
All Commodities	3%	7.7950%
<b>Total</b>	<b>100%</b>	

*Discount rate*

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the Library contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was determined to be the long-term expected rate of return on OPEB plan investments.

*Change in the Net OPEB Liability*

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at June 30, 2016</b>	\$ 4,245,860	\$ 2,029,637	\$ 2,216,223
<b>Changes for the year:</b>			
Service cost	108,640	-	108,640
Interest on the total OPEB liability	278,115	-	278,115
Difference between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	-	-
Net investment income	-	147,500	(147,500)
Benefit payments	(40,000)	(40,000)	-
Administrative expense	-	(1,774)	1,774
<b>Net Changes</b>	<b>346,755</b>	<b>105,726</b>	<b>241,029</b>
<b>Balance at June 30, 2017</b>	<b>\$ 4,592,615</b>	<b>\$ 2,135,363</b>	<b>\$ 2,457,252</b>

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

*Sensitivity of the net OPEB liability to changes in the discount rate*

The net OPEB liability of the Library, as well as what the Library's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) follows:

	<u>Discount Rate</u> <u>1% Lower (5.5%)</u>	<u>Valuation Discount</u> <u>Rate (6.5%)</u>	<u>Discount Rate 1%</u> <u>Higher (7.5%)</u>
Net OPEB liability	\$ 3,046,819	\$ 2,457,252	\$ 1,970,737

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates*

The net OPEB liability of the Library, as well as what the Library's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3%) or one percentage point higher (5%) than current healthcare cost trend rates follows:

	<u>Trend 1% lower</u>	<u>Valuation Trend</u>	<u>Trend 1% higher</u>
Net OPEB liability	\$ 1,723,055	\$ 2,457,252	\$ 3,381,678

**OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

For the year ended June 30, 2017, the Library recognized OPEB expense of \$241,029 with details as follows:

	<u>Total</u>
Service Cost	\$ 108,640
Interest on Total OPEB Liability	278,115
Actual Investment Income	(147,500)
Administrative Expense	1,774
Total OPEB Expense	<u>\$ 241,029</u>

At June 30, 2017, the Library reported no deferred outflows of resources and deferred inflows of resources related to OPEB. Since the Library's prior valuation was performed in accordance with GASB 45, it is not possible to calculate compliance gains and losses. Therefore, valuation-based deferred items will not be reported until the next valuation of the Plan.

**NOTE 8           CONTINGENT LIABILITIES**

The Law Library is aware of potential claims that may be filed against them. The outcome of these matters is not presently determinable, but the resolution of these matters is not expected to have a significant impact on the financial condition of the Law Library.

**NOTE 9           PRIOR PERIOD ADJUSTMENT**

The financial statements as of and for the year ended June 30, 2016 were restated to retroactively report the net OPEB liability as of the beginning of the fiscal year as a result of implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The Law Library made adjustments for these items as a cumulative effect of change in accounting principle. This resulted in a decrease in the net position by \$2,134,270 and reporting net OPEB liability of \$2,216,224 in the June 30, 2016 financial statements.

	<b>Net Position</b>	<b>Net OPEB Liability</b>
Balance as previously reported	\$ 26,969,518	\$ 81,954
Adjustment to reflect the retroactive effect of GASB 75 implementation	(2,134,270)	2,134,270
Balance as restated	\$ 24,835,248	\$ 2,216,224

**NOTE 10          SUBSEQUENT EVENTS**

In preparing these financial statements, the Law Library has evaluated events or transactions that occurred subsequent to the balance sheet date through **October \_\_, 2017**, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements. The Law Library determined that no subsequent events required disclosure or adjustment to the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Los Angeles County Law Library  
Schedule of Net OPEB Liability**

	Fiscal Year Ending <u>June 30, 2017 *</u>
<b>Total Pension Liability</b>	
Service cost	\$ 108,640
Interest on total OPEB liability	278,115
Benefit payments, including refunds of employee contributions	<u>(40,000)</u>
<b>Net change in total OPEB liability</b>	346,755
<b>Total OPEB liability - beginning of year</b>	<u>4,245,860</u>
<b>Total OPEB liability - end of year (a)</b>	<u><u>\$ 4,592,615</u></u>
<b>Plan Fiduciary Net Position</b>	
Net investment income	\$ 147,500
Contributions - employer	-
Benefit payments, including refunds of employee contributions	(40,000)
Administrative expenses	<u>(1,774)</u>
<b>Net change in plan fiduciary net position</b>	105,726
<b>Plan fiduciary net position - beginning of year</b>	<u>2,029,637</u>
<b>Plan fiduciary net position - end of year (b)</b>	<u><u>\$ 2,135,363</u></u>
<b>Net OPEB liability - end of year (a)-(b)</b>	<u><u>\$ 2,457,252</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>46.50%</u>
Covered - employee payroll	<u>\$ 2,193,942</u>
Net OPEB liability as percentage of covered-employee payroll	<u>112.00%</u>

\* Fiscal year 2017 was the first year of implementation, therefore only one year is shown.

*See report of independent auditors.*

The actuarially determined contribution was not calculated. The assumption used was that the Library will contribute on an ad hoc basis, in an amount sufficient to fully fund the obligation over a period not exceed 30 years. Moreover, there are no statutorily or contractually established contribution requirements.

*See report of independent auditors.*

**Los Angeles County Law Library**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Last 10 years\***

	Measurement Date				
	June 30, 2016	June 30, 2015		June 30, 2014	
		Classic	PEPRA	Classic	PEPRA
Proportion of the net pension liability (asset)	0.07726%	-0.00275%	0.00002%	-0.00275%	0.00002%
Proportionate Share of the net pension liability (asset)	\$ 2,683,917	\$ 1,236,782	\$ (2,909)	\$ (170,833)	\$ 1,048
Covered - employee payroll	\$ 2,193,142	\$ 2,090,465	\$ 283,145	\$ 2,447,858	\$ 79,187
Proportionate Share of the net pension liability (asset) as percentage of covered-employee payroll	122%	59.16%	-1.03%	-6.98%	1.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	88.23%	94.34%	103.72%	100.75%	83.01%
Plan's Proportionate Share of Aggregate Employer Contributions <sup>(2)</sup>	\$ 749,577	\$ 323,613	\$ 26,681	\$ 618,974	\$ 139

**Notes to Schedule**

- <sup>1</sup> GASB Statement Nos. 68 and 82 define covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan or the payroll on which contributions are made.
- <sup>2</sup> The Plan's proportionate share of aggregate employer contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate employer contributions is based on the Plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only 3 years are shown.

*See report of independent auditors.*

**Los Angeles County Law Library  
Schedule of Pension Contributions  
Last 10 years\***

	Measurement Date				
	June 30, 2016	June 30, 2015		June 30, 2014	
		Classic	PEPRA	Classic	PEPRA
Contractually required contribution (actuarially determined)	\$ 278,176	\$ 252,560	\$ 20,822	\$ 269,964	\$ 15,112
Contributions in relation to the actuarially determined contributions	(278,176)	(252,560)	(20,822)	(269,964)	(15,112)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
 Covered-employee payroll	 \$ 2,193,142	 \$ 2,090,465	 \$ 283,145	 \$ 2,447,858	 \$ 79,187
 Contributions as a percentage of covered-employee payroll	 12.68%	 12.08%	 7.35%	 11.03%	 19.08%
	12.68%	12.08%	7.35%	11.03%	19.08%

**Notes to Schedule**

Valuation date 6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years as of valuation date
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and age
Investment rate of return	7.65%, net of pension plan investment expense; includes inflation
Retirement age	57 yrs.
Mortality Rate Table	Derived using CalPERS' membership Data for all funds

\* - Fiscal year 2015 was the 1st year of implementation, therefore only 3 years are shown.

*See report of independent auditors.*

**Report of Independent Auditors on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

**To the Board of Trustees of  
Los Angeles County Law Library**

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Los Angeles County Law Library (the Law Library) which comprise the statement of net position as of June 30, 2017 and 2016 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated, October \_\_, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Law Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Law Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Law Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Law Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Law Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Law Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Los Angeles, California**  
**October \_\_, 2017**



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**Los Angeles County Law Library  
Communication to the Board of Trustees Regarding  
The Results of the Audit  
*Year ended June 30, 2017***

**To the Board of Trustees of Los Angeles County Law Library  
301 W. First Street  
Los Angeles, CA 90012**

We have audited the financial statements of the Los Angeles County Law Library (Law Library) for the year ended June 30, 2017. Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process of the Law Library.

**Communications Required Under SAS 114**

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit in our letter dated August 14, 2017.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Law Library are described in Note 2 to the financial statements. The application of existing accounting policies was not changed during the year ended June 30, 2017.

During the fiscal year ended June 30, 2017, the Library identified and adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 75, *75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This resulted in recognition of Net OPEB Liability of \$2,457,252 as of June 30, 2017 and pension expense of \$241,029 for the year then ended.

*Significant or Unusual Transactions*

We noted no transactions entered into by the Law Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting



the Law Library's financial statements were the useful lives for capital assets, pension and OPEB liability and the valuation of investments as of June 30, 2017. Our comments with respect to those estimates are as follows:

- The estimated useful lives of the Law Library's capital assets were based on management's best estimate and prevailing practices in the industry.
- The net pension and OPEB liability are based on the report of CalPERS and the Law Library's actuarial consultants.
- Estimated fair values for investments are obtained from quoted market prices where available.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

There were no corrected and uncorrected misstatements noted during our audit.

#### Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures included in the financial statements.

#### Management Representations

We will request certain representations from management that are included in the management representation letter which will be dated October 25, 2017, the target date of the issuance of the report.

#### Management Consultations with Other Independent Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

#### Other Information in Documents Containing Audited Financial Statements

Our responsibility relates to the Law Library's financial statements and other information as identified in the auditor's report. We have no responsibility for any other information that may be included in documents containing those audited financial statements. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. We read the management's discussion and analysis and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.



Independence

We confirm that we are independent of the Law Library within the meaning of the independence, integrity and objectivity rules, regulations, interpretations, and rulings of the AICPA, the State of California Board of Accountancy, the Comptroller General as set forth in *Government Auditing Standards*, and other regulatory agencies.

\* \* \* \* \*

This information is intended solely for the use of the Board of Trustees and management of the Los Angeles County Law Library and is not intended to be and should not be used by anyone other than these specified parties.

*Vasquez + Company LLP*

**Los Angeles, California**  
**October 19, 2017**



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**MEMORANDUM**

**DATE:** October 25, 2017  
**TO:** Board of Law Library Trustees  
**FROM:** Marcelino Juarez, Finance Manager  
**VIA:** Sandra Levin, Executive Director  
**RE:** FY17-18 Financial Budget Review Through August

Staff is pleased to report overall favorable budget variance results for the first two months in fiscal year 2018. The YTD financial statements as of August 31, 2017 were provided concurrently as Item 3.2 on the Agenda. Details and explanations of significant items are provided below. This item is informational only and no action is requested or required.

**Income**

Court fees – Staff is pleased report a \$12K favorable variance. This number will grow to \$48K over budget at the end of September based on most recent available data. Staff, however, is still cautious and have budgeted accordingly. Nevertheless, this is welcome news for future budget planning.

Library Services – The \$44K favorable variance in Library Services is primarily due to a generous contribution from the Friends at \$30K above budget. Overall, Staff expects Library Services to meet budget expectations.

Parking – Parking revenue exceeded budget by \$2K. However, based on most recent available data this number will be \$4K under budget at the end of September. Staff is currently working with the parking vendor to identify the source(s) of the decline.

**Expense**

Staff (payroll + benefits) – The favorable variance in staff expense is primarily due to vacancies, including the Managing Librarian, Librarian, IT Database Administrator, and Library Associate – Public Interest. Some of these positions have since been filled and one, the IT Database Administrator, has been placed on hold and will be reassessed.

Electronic Resource Subscriptions (ERS) – As recommended by the Library’s outside auditors, the Library expenses in current year database subscription fees previously capitalized and amortized over 10 years. The \$25K favorable variance is primarily due to an ongoing dispute with a vendor that we expect to resolve within the next few weeks. We expect to meet budget expectations at end of year.

Library Materials – The \$18K favorable variance is merely a timing variance. Staff is continually working with vendors to identify savings opportunities.

Facilities – The \$12K favorable variance in Facilities is due primarily to timing variances in Repairs & Maintenance, Security, and Furniture & Appliances (<\$3K). Nevertheless, some additional unbudgeted expenses in Elevator Maintenance are expected in the coming months. This is due to a delay in the Elevator Repair & Upgrade project. This line item may be amended at mid-year.



Technology & Data – Expenses are essentially as budgeted. However, additional unbudgeted expenses in Hardware Maintenance are expected in the coming months due to costs of much-needed maintenance and support on a data storage unit.

Investment Gain (Loss) – The Library’s Zero-Coupon Treasury Bill investment with UBS performed better than expected this first quarter at \$38K over budget. However, this is simply the monthly change in the value of the investment, full value is realized at maturity or sale date, whichever comes first.

CalPERS CERBT Trust Fund - At the end of August, CalPERS CERBT fund balance increased to \$2,187,314 from \$2,175,363 at the end of fiscal year 2017 despite a \$40K distribution from the fund to offset retiree medical costs paid during fiscal year 2017. At the end of September the balance will have increased to \$2,200,062 based on most recent available data. For fiscal year 2018, we budgeted for a \$90K distribution from the fund to offset retiree medical costs. If the fund continues to perform at this rate we will most likely meet that budget goal. Prior distributions include a \$58.9K in fiscal year 2015.

**Summary**

Staff welcomes the Board’s comments and suggestions in any areas of this report.



FY 2016-17	FY 2017-18 YTD				
	YTD Actual	Budget	Actual	\$ Fav (Unf)	% Fav (Unf)
<b>Summary:</b>					
<b>Income</b>					
L.A. Superior Court Fees	1,155,519	1,174,774	1,186,896	12,122	1.0%
Interest	3,441	4,167	6,837	2,671	64.1%
Parking	124,564	113,333	115,314	1,980	1.7%
Library Services	48,424	186,126	230,937	44,810	24.1%
Total Income	1,331,948	1,478,400	1,539,984	61,584	4.2%
<b>Expense</b>					
Staff (payroll + benefits)	640,406	678,764	621,468	57,296	8.4%
Electronic Resource Subscriptions	81,948	99,552	74,177	25,375	25.5%
Library Materials	309,723	325,429	306,985	18,443	5.7%
Library Materials Transferred to Assets	(309,723)	(325,429)	(306,985)	(18,443)	5.7%
Facilities	140,327	152,553	140,385	12,168	8.0%
Technology & Data	17,526	23,778	24,051	(273)	-1.1%
General	8,022	9,752	7,208	1,618	16.6%
Professional Development	6,215	5,776	4,179	1,597	27.6%
Communications & Marketing	0	3,065	1,743	1,322	43.1%
Travel & Entertainment	204	456	126	330	72.3%
Professional Services	16,960	14,504	18,889	(4,385)	-30.2%
Depreciation	498,936	460,613	461,224	(610)	-0.1%
Total Expenses	1,410,544	1,448,812	1,353,451	95,361	6.6%
<b>Net Income (Loss)</b>	<b>(78,596)</b>	<b>(90,412)</b>	<b>186,532</b>	<b>276,944</b>	<b>-306.3%</b>
Investment Gain (Loss)	(16,023)	5,833	38,903	33,069	566.9%
Extraordinary Income	0	0	0	0	0.0%
Extraordinary Expense	0	0	0	0	0.0%
Net Income Including Extraordinary Items	(94,619)	(84,579)	225,435	310,014	-366.5%
<b>Capitalized Expenditures</b>	<b>6,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

